



الهيئة المغربية لسوق الرساميل
+١٠٣٠٤٦٦ ٦٠٤٢٠٠٣٤٦ | ٥٣٠٨٠٣ | ٢٤٨٣٠٠١
AUTORITÉ MAROCAINE DU MARCHÉ DES CAPITAUX

ANNUAL
REPORT

2017



الهيئة المغربية لسوق الرساميل
+١٠٣٠٤٦٦ ٦٠٤٢٠٠٣٤٦ | ٥٣٠٨٠٣ | ٢٤٨٣٠٠١
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**HIS MAJESTY KING MOHAMMED VI,
MAY GOD ASSIST HIM**



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CHAIRPERSON'S MESSAGE



I am pleased to announce that the institutional transformation process of the Moroccan Capital Market Authority (AMMC) was completed in 2017. The adoption of the Authority's general regulation in May 2017 and the subsequent approval of the Enforcement committee have indeed made it possible to complete the overhaul phase initiated in 2016 and to implement the new coercive process.

Furthermore, the Authority's extended powers paired with the increasing complexity of the functioning of capital markets called for the definition of a vision for the institution, which was translated into a strategic plan covering the 2017-2020 period. The resulting action program aims to reflect the new regulatory roles assigned to the Authority, but also creates a momentum that contributes to the development of the Capital Market to eventually become a significant lever for financing the economy.

The 2017-2020 strategic plan is the result of an internal reflection enriched by the contribution of market players and is built around the following 4 strategic pillars:

1. Build up confidence in capital markets;
2. Develop a regulatory framework at the service of market dynamics;

3. Be an effective and influential authority at the national and regional level;
4. Strengthen the capabilities of operators and investors.

The Moroccan Capital Market Authority continued the legislative and regulatory reforms process in close collaboration with the Ministry of Economy and Finance, particularly through the drafting of the implementing texts correlative to real estate investment schemes (OPCI) and venture capital investment vehicles (OPCC), the preparation of the regulatory framework for the issuance of Sukuk certificates, and the operationalization of law no. 44-12 on public offerings and disclosure requirements of legal entities and publicly traded companies and law no. 19-14 on the stock exchange, brokerage firms and financial investment advisors.

In addition to supporting and promoting the reforms process, and as part of its mission to protect investors, the AMMC has strengthened its oversight. As such, in terms of authorizations and approvals, the Authority authorized 68 financial transactions including 4 capital securities transactions, 9 capital market transactions in Morocco, 21 bond

issues and 32 programs for the issuance of marketable debt securities and approved 49 collective investment schemes (OPC).

As for controls, the AMMC conducted 13 inspections of participants and market undertakings subject to its supervision and opened 4 investigations. Finally, on the coercive front, the Authority imposed 12 administrative sanctions according to the scale of sanctions and procedures in place prior to its institutional transformation, pending the operationalization of the Enforcement committee which took place in May.

At the same time, the Moroccan Capital Market Authority has paid particular attention to combating money laundering and monitoring systemic risk. With regard to the first component, work has begun to align with the new FATF standards. As for the systemic risk component, the AMMC has improved its risk assessment system through the establishment of the Risk and Internal Control Committee and the identification and implementation of new relevant monitoring indicators.

At the international level, in line with the objectives set out in the strategic plan, the AMMC continued to engage in cooperation work, in particular by reinforcing bilateral cooperation, mainly in Africa. This year, the Authority entered into a cooperation agreement with the Ghanaian regulator, as well as a technical assistance agreement with the Regional Council for Public Savings and Financial Markets (CREPMF). At the multilateral level, the AMMC maintained its international presence through an active participation in conferences of the Africa and Middle East Regional Committee (AMERC) and the Growth and Emerging Markets Committee (GEMC) of the International Organization

of Securities Commissions (IOSCO). The Authority is also increasingly involved in the work of two IOSCO policy committees on the regulation of market intermediaries and asset management. Finally, as part of the promotion of green and sustainable finance, the AMMC continued to implement the financial sector roadmap for sustainable finance and development adopted in 2016 at COP22 in Marrakech, and actively contributes to various international working groups dedicated to the issue, notably within IOSCO and the United Nations.

In order to develop closer relations with market participants, over the years, the Authority has been maintaining a process designed to remain attentive to their needs, which has taken the form of regular market meetings with market operators and the main professional associations in the financial sector. In addition to informing professionals of institutional and regulatory developments, this privileged exchange channel makes it possible to coordinate reflections on market development prospects and the implementation of structural projects.

In 2018, our priority will be to implement the necessary prerequisite to achieve the objectives set out in the strategic plan, while ensuring that the exercise of the Institution's core missions continues to be strengthened.

Nezha HAYAT
Chairperson and CEO





ABOUT THE AMMC

MISSIONS, SCOPE OF INTERVENTION,
PARTICIPANTS UNDER ITS
SUPERVISION, PREROGATIVES,
POWERS AND BODIES

The Moroccan Capital Market Authority (AMMC) is a public entity entrusted with the supervision and control of capital market, under the provisions of law no. 43-12. Originating from the transformation of the Moroccan Securities Regulator (CDVM), the AMMC has gained a greater autonomy and broader prerogatives.

1. MISSIONS

The Moroccan Capital Market Authority's missions are to:

- Protect the savings invested in financial instruments;
- Ensure the equal treatment of invested savings, transparency and integrity of capital market and the availability of information to investors;
- Ensure the sound functioning of capital market and oversee the enforcement of legislative and regulatory provisions;
- Ensure compliance with the legislation and regulations in force with regard to the fight against money laundering by the people and organizations under its supervision;
- Contribute to fostering the financial education of investors.

2. SCOPE OF INTERVENTION AND PARTICIPANTS UNDER ITS SUPERVISION

The AMMC exercises the supervision powers conferred upon it by the legislation in force towards people and organizations under its supervision and ensure that they comply with the legislative and regulatory provisions pertaining to them, particularly those relating to:

- Transactions recorded on financial instruments including repurchase transactions, tender offers, transactions on marketable debt securities and securities lending;
- Financial intermediaries: (brokerage firms, asset management companies, OPCC (venture capital investment vehicles) management companies, FPCT (securitization vehicles) management companies and financial investment advisors);
- Market undertakings (the company managing the stock market, the company managing the futures market, the central depository and the clearing house for the futures market);
- Account-keepers;
- Public issuers;
- Persons entitled to perform one of the functions under the authorization of the AMMC;

3. PREROGATIVES AND POWERS

To fulfill the missions with which it has been entrusted, the AMMC is vested with prerogatives, and hence carries out the following:

- Controls information and approves summary prospectuses;
- Carries out documentary controls and on-site inspections
- Approves and authorizes players;
- Hands down disciplinary sanctions and fines in the event of breaches;
- Appeals to the competent judicial authority for any facts which may constitute a breach of obligations;
- Enacts rules of professional and ethical conduct via circulars;
- Provides assistance to the government for the regulation of capital market.

4. AMMC BODIES

- **The Board of Directors**

The Board of Directors of the AMMC is the supreme governance body. Its composition, its prerogatives and its modus operandi have been defined by aforementioned law no. 43-12 with a spirit which reflects, from a practical standpoint, the Authority's independence, whilst ensuring a balance in terms of control and distribution of roles among the members and the Chairmanship.

The composition of the Board of Directors also reflects a parity between the Administration's representatives and the independent members selected for their integrity and their skills in financial and legal fields.

The members of the AMMC Board of Directors were appointed by a decision of the Minister of Economy and Finance on March 7, 2016.

Composition of the AMMC Board of Directors



- 1 Ms Nezha HAYAT**
Chairperson and CEO of the AMMC
- 2 Ms Faouzia ZAABOUL**
*Director of the Treasury and External Finance
(representing the government)*
- 3 Mr. Hassan BOUBRIK**
*Chairman of the Insurance and Social Welfare Control
Commission (ACAPS) (representing the government)*
- 4 Ms Hiba ZAHOU**
*Director of the Banking Supervision Department
(representing Bank Al-Maghrib)*
- 5 Mr. Abdelaziz TALBI¹**
Appointed intuitu personae
- 6 Mr. Abdelaziz TAZI**
Appointed intuitu personae
- 7 Mr. Soulaymane KACHANI**
Appointed intuitu personae

Subject to the powers granted to the Chairperson and the Enforcement committee, the Board of Directors is vested with the powers necessary to administer the AMMC and to accomplish the tasks with which it was entrusted, and to this effect, the board:

- Approves the annual budget of the AMMC;
- Sets the rules and procedures applicable to the board and all of the AMMC staff;
- Reviews the internal regulations of the AMMC;
- Reviews the auditor's report and takes the final decision regarding the observations;
- Defines the organization chart of the AMMC and the authorities of the various departments based on proposals by the Chairperson;
- May submit a request to the Chairperson to conduct an investigation in the framework of the missions of the AMMC;
- Approves the regulations setting out the rules and the procurement system;
- Deliberates on all issues pertaining to the organization and to the general policy of the AMMC;

¹ - By decision of the Minister of Economy and Finance of December 7, 2017, as a replacement of Ms. Rachida Benabdallah who has been assigned to other duties.

BOX NO.1 ACTIVITIES OF THE BOARD OF DIRECTORS

The Moroccan Capital Market Authority has held four meetings of its Board of Directors in 2017, under the chairmanship of Ms. Nezha Hayat:

14
march
2017

BoD Meeting on March 14, 2017

- Presentation of the Authority's current events particularly with respect to legal affairs, national and international cooperation (signing of cooperation agreements with financial regulators from Ghana and Nigeria, an assistance agreement with the Regional Council on Investments and Financial Markets (CREPMF), presentation of the AMMC roadmap for the development of green finance at the 38th meeting of the AMERC, presentation of the work carried out with the Higher Council of Islamic Scholars on Islamic finance and establishing a framework for the upcoming issuance of sukuk as well as the internal organization;
- Approval of accounts for the 2016 financial year;
- Approval of the allocation of the net income for the 2016 financial year;
- Appointment of Mr. Hassan Boubrik as a member of the Authority's audit committee;
- Creation of an appointment and remuneration committee chaired by Mr. Abdelaziz Tazi.

17
april
2017

BoD Meeting on April 25, 2017

- Meeting dedicated to the presentation and approval of the 2017-2020 strategic plan with its translation into an action plan.

13
july
2017

BoD Meeting on July 13, 2017

- Information about the full resignation of Ms. Rachida Benabdallah from her duties as a director. Her new functions as a manager of a listed company under the supervision of the AMMC automatically terminate her mandate with the Authority's Board of Directors;
- Presentation of a draft of the internal regulations for the Authority's Enforcement committee;
- Approval of the AMMC annual report for the 2016 financial year;
- Presentation of the AMMC audit committee report.

9
november
2017

BoD Meeting on November 9, 2017

- Presentation of the AMMC target organization;
- Presentation of the by-laws and the remuneration plan for the AMMC staff.

- **Enforcement committee**

The enforcement committee is a collegiate body composed of two independent members and chaired by a judge. This composition gives the Enforcement committee independence vis-à-vis the Board of Directors.

The mission of the Enforcement committee is to investigate facts that might give rise to a sanction pronounced by the Chairperson of the AMMC and to propose to the Chairperson of the AMMC, following the examination of the cases, the corresponding disciplinary sanction. It can also express its views to the Chairperson of the AMMC, prior to taking the case before the competent judicial authorities if necessary, regarding any acts that could be defined as a criminal offence.

The Enforcement committee is composed of three standing members: a judge, appointed by the Minister of Economy and Finance, on the proposal of the Minister of Justice, and two persons appointed *intuitu personæ*, after being chosen by the Board of Directors based on their integrity and skills in legal and financial fields.

Composition of the AMMC Enforcement committee



Mr. Hassan EL AFOUI
Chairman



Mr. Azzedine KETTANI
Member appointed intuitu personæ



Mr. Abdeljalil CHRAIBI
Member appointed intuitu personæ

- **The government commissioner**

The law on the AMMC introduced a control performed by the government commissioner who particularly ensures compliance by the Authority with the legislative provisions governing its activities. He attends the meetings of the Board of Directors on a consultative basis. The government commissioner is appointed by the administration, among the competent senior officials of the ministry in charge of finance.



**FIRST STRATEGIC PLAN OF THE
AMMC ERA 2017-2020**

4 MAIN PILLARS AND 15 OBJECTIVES

APPROACH AND UNIFYING OBJECTIVES

2016 has witnessed the transformation of the Moroccan Securities Regulator (CDVM) into the Moroccan Capital Market Authority. This transformation has brought about a new framework, consistent with the highest standards in terms of regulation, and greater independence of the authority, broader powers and a wider spectrum of missions. Since the establishment of the AMMC governance bodies, the first strategic plan was developed for the 2017-2020 period.

The development of the AMMC strategic plan is anchored around two main pillars:

Compliance and development. As such, the action program that it entails aims to reflect the new regulatory roles assigned to the Authority, but also marks the plan in a momentum that contributes to the development of the market so as to position it as a significant lever for financing the economy.

The preparation of the plan also considers the context. The volatile performance results of the Moroccan capital market over the past decade, along with the increasing complexity of the financial instruments that are gradually coming to the market require measures at different levels around several unifying objectives.

Hence, it is necessary to restore confidence, inject a new dynamic into the market, increase operators' skills and the public's knowledge of finance, and finally, be an effective and influential authority endowed with all the necessary means to carry the vision and new missions.

Four unifying objectives

- Build up confidence in capital markets
- Develop a regulatory framework at the service of market dynamics
- Be an effective and influential authority at the national and regional level
- Strengthen the capabilities of operators and investors

It should be noted that the development of this strategic plan is the result of an internal reflection enriched by the contribution of all the capital market players with the aim to match market expectations as closely as possible.

The AMMC strategic plan is broken down into 4 main pillars aiming to achieve 15 different objectives and translated into 32 specific measures. The action plan is detailed in Appendix no. 02.

1. PILLAR NO.1 – BUILD UP CONFIDENCE IN CAPITAL MARKETS

The core mission of the AMMC is to protect investors. It is also a major expectation of the public vis-à-vis the regulator and a sine qua non condition to stimulate the market, enhance its attractiveness and build up the confidence of the players operating in the market.

Powered by the monitoring and market awareness tools of the participants as well as the results of the assessments carried out in the framework of the FSAP program in (2015), the AMMC has identified growth drivers in order to have a significant impact on investors' confidence. They address two fundamental dimensions of any financial market: 1) the level of transparency, from the perspective of financial communication by issuers and funds; 2) the effectiveness and degree of deterrence of the sanctions system.

All of these features, combined with the will to further converge with international standards, led to placing confidence building in capital markets as a strategic priority, translated into several objectives.

1.1 Build a transparent market

A key vector for the efficient functioning of the market, transparency provides investors with the assurance necessary to make informed decisions and with equal access to information. First and foremost, it involves public companies that issue securities and are subject to an array of disclosure requirements. Information constitutes a key component for market quality and justifies devoting an entire section with the objective of promoting the dissemination of financial information on the market in a timely fashion, according to the highest standards and that is widely accessible.

1.2 Tighten controls and roll out a precautionary risk-based approach

Supervision of market players is a pivotal concern for the AMMC. The rollout of a risk-based approach, intensifying and widening the supervisory scope reflect the number of measures that have been identified to do so. Intensification of supervision also goes by way of increasing human resources, particularly through the hiring of inspectors/controllers in order to be increasingly present on the field and by establishing new technical resources.

1.3 Foster measures that are conducive to the fair treatment of investors

Given that the core mission of the AMMC is to protect savings invested in financial instruments, it therefore follows that all of the actions carried out by the authority, directly or indirectly, relate to the protection of investors and their fair treatment. With regard to this objective, two priority actions are planned. The first is aimed at education and awareness-raising of investors with respect to their rights, in the framework of the overall financial education strategy. The second aims to strengthen the contractual framework binding investors to participants, particularly through the legal and regulatory framework and the marketing of financial instruments and investment advice.

1.4 Strengthen the sanctions system

In light of the recent developments at the international level, the “credible deterrence” approach has recently emerged with respect to the regulation of capital market. The underlying concept behind this approach is to limit the scope and scale of fraudulent behavior on the market, through the adoption of sufficiently effective and deterrent sanction mechanisms.

Sanctions are efficient when they effectively allow for the enforcement of legislative and regulatory texts, proportionate when they accurately reflect the seriousness of the infringement and do not go beyond what is necessary to achieve the target objectives, and deterrent when they are harsh enough to discourage the perpetrators of the infringement from re-offending and any potential offender from taking action. To move towards this

objective, three levers are provided for:

- Adopt a hierarchical and deterrent repression of sanctions;
- Promote a fast and effective sanctions mechanism;
- Increase transparency of sanctions.

1.5 Strengthen the institutional communication of the AMMC

A market authority’s role is also to interact with and provide support to market players. Its decisions and actions must be legible and understandable to ensure a more efficient regulation, that seeks participants’ commitment to the Authority’s actions. To this effect, the AMMC shall undertake a series of measures aiming to strengthen its institutional communication in order to consolidate investor confidence.

2. PILLAR NO.2 – DEVELOP A REGULATORY FRAMEWORK AT THE SERVICE OF MARKET DYNAMICS

The major reform of the Moroccan financial market, initiated in the mid-nineties, made it possible to lay the foundations of a structured market, equipped with technological resources in line with international standards and highly regulated in support of a strong regulatory system. This has made it possible to introduce new financial instruments, modernize market infrastructures and develop the activity over several years.

Today, it is undisputable that the Moroccan capital market is experiencing a compression phase which is challenging for market players, operators and authorities, with respect to the need to work towards the initiation of a new

momentum to allow the market to fully play its role in financing the economy and hence contribute to the country’s development.

From the AMMC perspective, regulation can play a proactive role if it is sufficiently geared by actions that are conducive to the creation of an environment that stimulates financial innovation. Furthermore, the AMMC will endeavor to establish a clear regulatory framework to help contain the various risks associated with the activity, yet flexible enough to address new needs.

3.1 Foster financial innovation and the diversification of financial instruments

Three levers were given priority in order to support financial innovation targeting measures which are capable of producing a ripple effect, namely: (i) supporting market financing alternatives, particularly the alternative market dedicated to small and mid-sized issuers and Real Estate Investment Schemes («OPCI»); (ii) accelerating the development of new financial instruments (ETFs, Sukuks, etc.); (iii) proposing and implementing measures that are conducive to market liquidity.

3.2 Build a flexible and suited regulatory framework

The AMMC shall promote and set the framework for financial innovation. To this effect, the establishment of a regulatory framework that is flexible enough and suited to market developments has gained considerable ground, in order to foster creativity and innovation whilst preserving a secure environment. For greater flexibility in terms of regulation, the AMMC supports the approach that consolidates the main principles laid down in the laws and refers to the regulatory texts for practical and roll-out related aspects.

3. PILLAR NO.3 – BE AN EFFECTIVE AND INFLUENTIAL AUTHORITY AT THE NATIONAL AND REGIONAL LEVEL

Openness to international market through its multiple channels (MoU, accession to international bodies, presence in IOSCO technical committees, etc...) must in fine contribute to the development of our financial center and enhance its attractiveness for local and international investors.

Translated into intermediary objectives, there are multiple levels of intervention, which include:

- Supporting the country's economic policy;
- Working towards the convergence of our financial center with international norms and standards;
- Forming a network of international experts in order to benefit from the experience of foreign counterparts in areas that are of interest to the AMMC.

For greater efficiency, the AMMC intends to favor a differentiated cooperation approach by redefining its role in international fora and its various bodies, and by increasing its regional presence through targeted measures making it possible to rapidly bear tangible results.

At the same time and given the increasing complexity of the national financial landscape and its corollary, i.e. the emergence of potential systemic risks, the AMMC also intends to strengthen cooperation at the national level by increasing its interactions with the regulators and other players that are part of the financial system.

3.1 Reshape cooperation with regulators within international fora

The AMMC uses various channels for its international activity, namely bilateral agreements (memorandums of understanding) and accession to international fora. The AMMC is now a member of the Arab Union of Securities Regulators, of the Mediterranean Partnership of Securities Regulators, of the French-speaking Institute for Financial Regulation and the International Organization of Securities Commissions (IOSCO). IOSCO is the most significant in terms of representation and weight in the international arena.

Depending on the fora, the role and commitments of the AMMC vary. The ambition is to further strengthen the Authority's involvement in these fora for a better expected return, particularly through a more active role played by the AMMC in the various bodies of international fora, a stronger involvement in technical committees which constitute the centerpiece in the process of developing international standards, devising the best ways to ensure that AMMC staff benefits from the expertise of the most advanced regulators (internships, targeted training, missions, etc...) and a framework for the continuous monitoring and regular performance evaluation.

3.2 Strengthen the regional positioning of the AMMC and strive for a deeper integration of financial market in Africa

The regional dimension of international cooperation measures is at the forefront of the AMMC strategy. The unifying objective is to endeavor to position the Moroccan financial center, with all of its components (market, operators, regulator, etc...) into a reference center for African market. The actions planned under this framework give the cooperation and

assistance agreements the ambition to refocus on issues that are conducive to a deeper integration of market (regulatory convergence, joint technical committees for the promotion of dual listings, etc...).

3.3 Develop closer relations and cooperation with national players

National cooperation is also of particular importance in the new AMMC strategy. This area of focus is all the more important given the increased interaction between the components of the financial system over the years, combined with the emergence of new activities whose management requires greater cooperation between the various regulators and enhanced dialogue with key partners.

3.4 Be a source of proposals in terms of regulatory development

In terms of regulatory development, it would appear essential to adopt a proactive approach, based on anticipating market evolutions and market expectations, by promulgating appropriate market regulations swiftly and in a flexible way.

With its expertise and in-depth knowledge of capital market, the AMMC shall continue to be a source of proposals in terms of legislation and regulation.

3.5 Develop a new institutional culture based on the enhancement of human and informational capital and the adoption of best practices

The transformation of the Authority and the expansion of its activity base requires an in-depth reflection on the human and organizational

resources of the institution. Aware of what is at stake, the AMMC launched an organizational audit process whose scope covers: operational governance, the organization, the process, human resources and information systems.

4. PILLAR NO.4 – STRENGTHEN THE CAPABILITIES OF ALL THE OPERATORS/ PLAYERS AND INVESTORS

The development objective of the Moroccan capital market and its alignment, from a functional and normative standpoint, with the best international standards, can only be achieved by strengthening the capabilities of all the operators and investors.

Overall, the resources of financial intermediaries and market undertakings shall be reexamined to ensure their compliance with regulatory changes and international standards, and to appropriately calibrate them to address the incurred and potential risks. At the same time, the AMMC considers awareness-raising of market players on best practices to be a priority.

Furthermore, substantive work will be carried out to develop the AMMC strategy with respect to financial education of the public.

5.1 Strengthen the skills and resources of market participants

Strengthening the skills and resources of market operators relies on means of action across three levels.

The first concerns the financial standing of participants and the material resources at their disposal which will be reviewed in light of the evolution of the risks associated with the activities conducted.

The second relates to the rollout of the accreditation system for natural persons holding certain positions within legal entities under the supervision of the AMMC. This mechanism will make it possible to increase the regulatory and technical knowledge of operators and to regularly assess their capability to act in compliance with ethical rules and regulations.

The third level aims for measures that contribute to developing an effective, transparent and resilient market infrastructure. In line with ambitions in terms of regional positioning of our market and best practices worldwide, structural measures are planned, namely post-market infrastructures with the prospect of creating a clearing house acting as a central counterparty.

5.2 Promote best practices to market players

The best practices targeted by this objective mainly aim for the convergence towards international reference standards in terms of accounting, work organization, information systems, information or environmental security or CSR.

5.3 Develop the Authority's strategy with respect to financial education of the public

The financial education strategy shall be translated into sequenced actions, apportioned

by time and executed in coordination with all financial education players. The strategy seeks to ensure that investors have a proper understanding of capital market, and of the advantages and risks associated with investing in financial instruments.



CHAPTER I

THE AMMC AND ITS ENVIRONMENT IN FIGURES



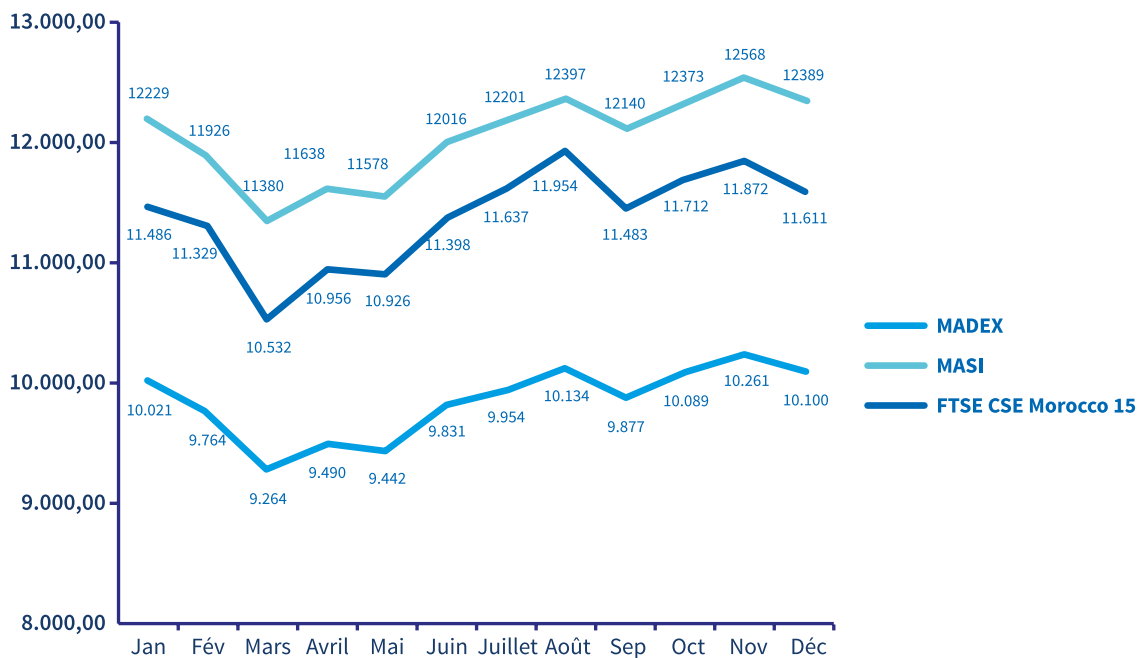
1. STOCK MARKET

1.1 Changes in indices

After an annual performance of 30.46% in 2016, the MASI continued on an upward trend, although less sustained, closing the year up 6.39%. The highest point was reached on January 10th, at 12,950.85 points, representing a rise of 11.22% compared to the beginning of the year.

The same trend was observed for the MADEX and FTSE CSE Morocco 15 indices, which were up 5.79% and 8.34% respectively, versus 31.59% and 44.36% the previous year.

Graph 1: Development of the MASI, MADEX and FTSE CSE Morocco 15 indices in 2017

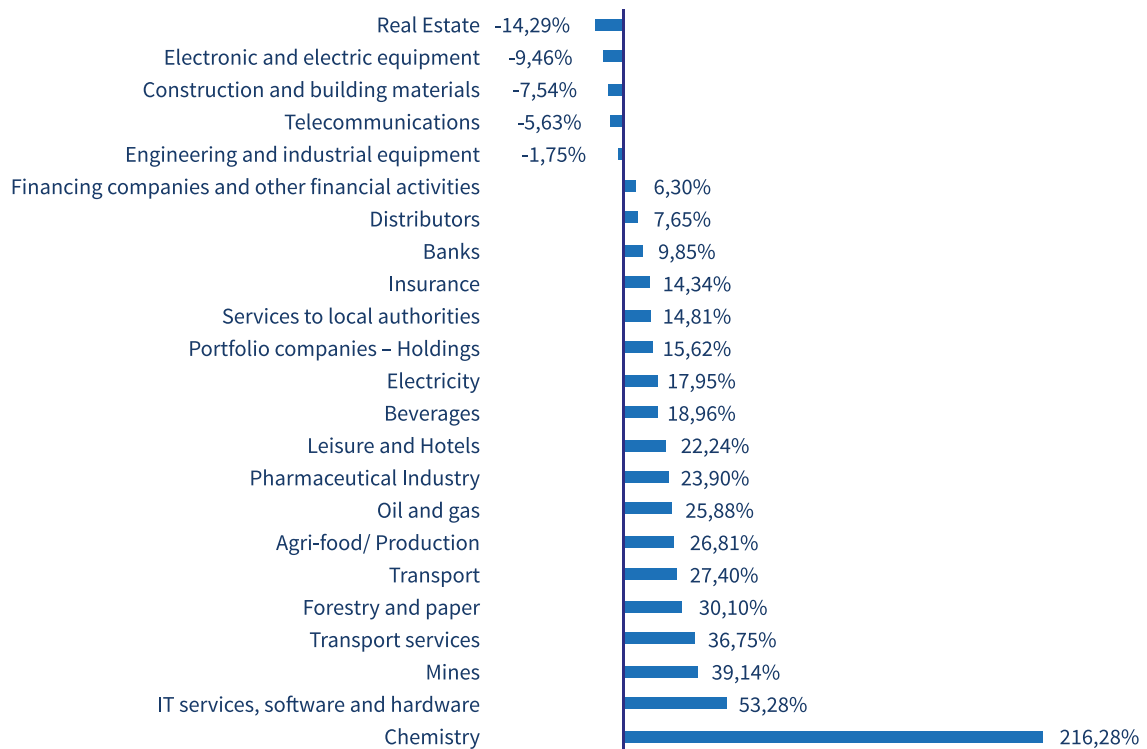


Source: Casablanca Stock Exchange

The rise in the benchmark in 2017 generally reflects the positive results recorded by almost all the sectoral indices represented.

Despite overall positive sector performance, certain sectors with a significant weighting in terms of market capitalization experienced a decline in 2017. This mainly concerns the “Building and construction materials” and “Telecommunications” sectors, down 7.54% and 5.63% respectively.

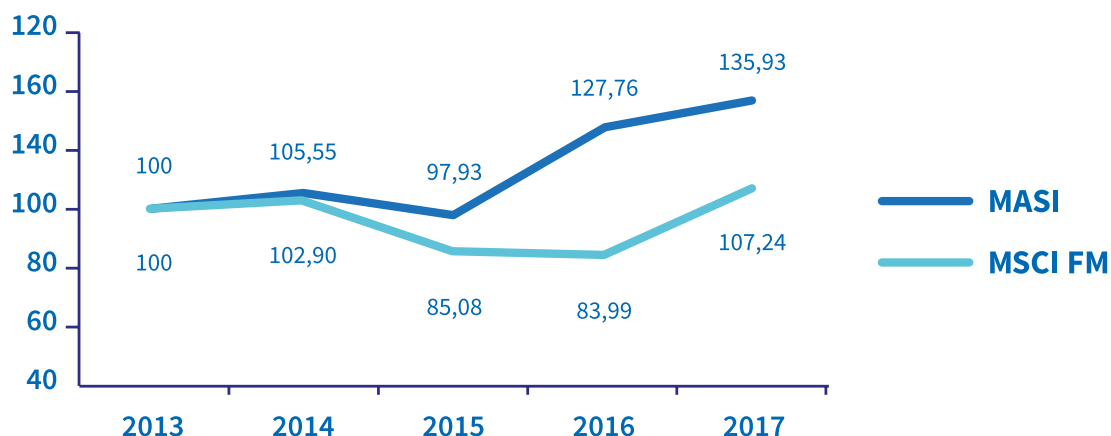
Graph 2: Changes in sectoral indices in 2017



Source: Casablanca Stock Exchange

There was also a marked upward trend in international markets. In terms of geographic areas, emerging markets experienced the strongest growth, with the MSCI EM Index's annual return reaching 37.28%. The developed markets index (MSCI World) rose by 23.07%. Finally, the Frontier Markets index, in which the Moroccan market is classified, recorded a positive annual return of 32.32%, versus 3.16% in 2016.

Graph 3: Changes in the MASI and MSCI FM indices (Base 100 = 2013)

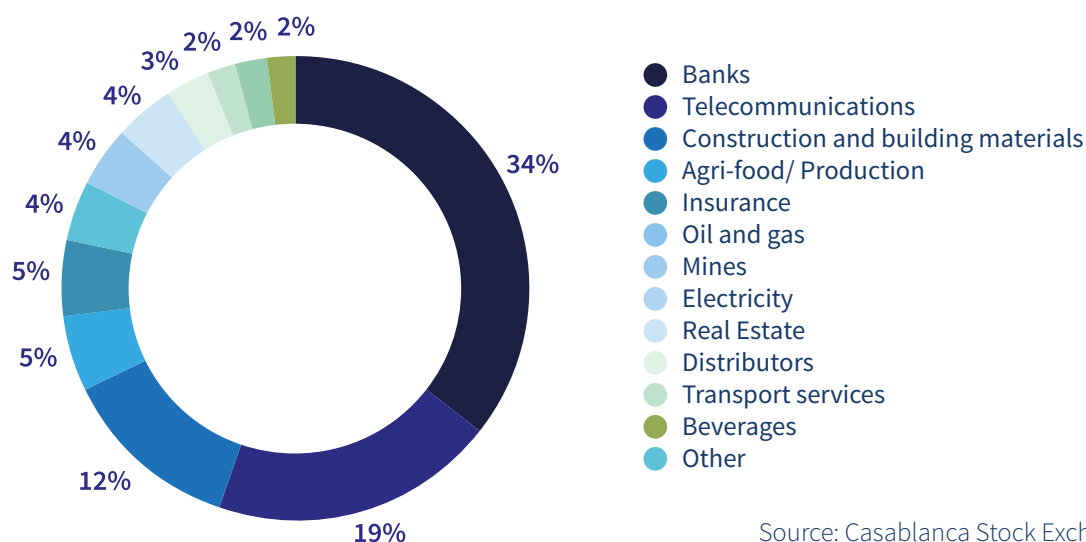


Source: Casablanca Stock Exchange and MSCI³

1.2 Changes in market capitalization

Market capitalization increased from MAD 583 billion at year-end 2016 to MAD 626 billion at year-end 2017, an increase of 7.54% year-on-year. In addition to the price effect, this increase is the result of capital increases carried out by LafargeHolcim Maroc, MANAGEM, COSUMAR and LABEL VIE.

Graph 4: Breakdown of market capitalization by industry in 2017



Source: Casablanca Stock Exchange

3 - The MSCI Frontier Markets (FM) Index covers the performance of 110 large and mid caps in 29 frontier markets. It is composed of the following countries: Argentina, Bahrain, Bangladesh, Burkina Faso, Benin, Croatia, Estonia, Guinea-Bissau, Ivory Coast, Jordan, Kenya, Kuwait, Lebanon, Lithuania, Kazakhstan, Mauritius, Mali, Morocco, Niger, Nigeria, Oman, Pakistan, Serbia, Senegal, Slovenia, Sri Lanka, Togo, Tunisia and Vietnam.

1.3 Changes in trading volume and liquidity

The overall transaction volume amounted to MAD 69 billion, down slightly compared to the previous year (-4.12%). While the volume on the secondary equity market rose significantly in 2017, up 25.92%, the volume on the secondary private debt market declined by 44.74%. In terms of relative share, although in decline, the transaction volume of the central market remains dominant, with 60.73% of the total.

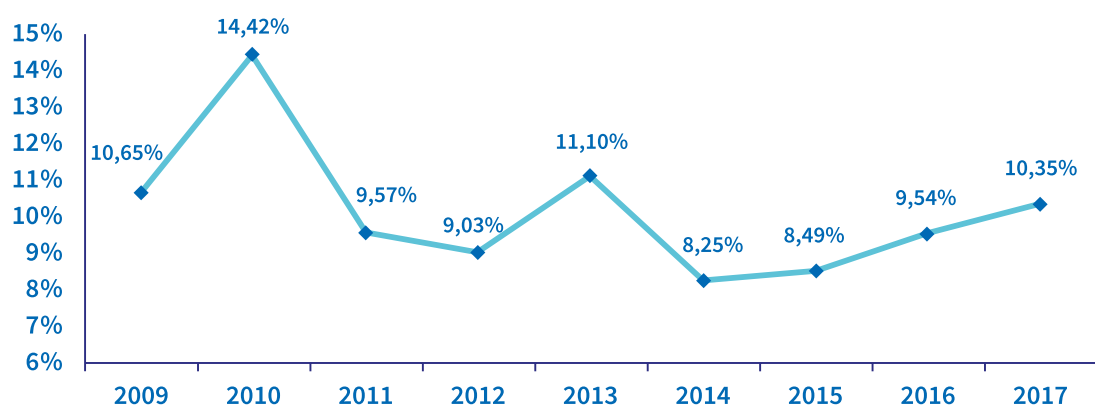
**Table 1: Changes in transaction volume by category
(in millions of dirhams)**

In MAD millions	2013	2014	2015	2016	2017
Equity Volume					
1. Central market	26 450	27 595	28 758	32 082	39 489
2. Block trade	22 101	11 816	11 751	18 379	24 051
Total A = (1+2)	48 551	39 411	40 509	50 461	63 540
3. IPOs	1 000	1 127	893	1 930	-
4. Securities contributions	644	2 493	923	4 798	1 213
5. Tender offers	45	675	2 408	440	67
6. Transfers	1 116	206	106	687	622
7. Capital increase	3 202	425	2 045	9 877	1 435
Total B = (3+4+5+6+7)	6 007	4 926	6 375	17 732	3 337
I. Total equity volume (A+B)	54 558	44 337	46 884	68 193	66 877
Bond Volume					
8. Central market	171	3 355	2 690	2 121	308
9. Block trade	4 713	1 936	1 706	1 484	1 684
Total C (8+9)	6 884	5 291	4 396	3 605	1 992
10. Issues	700	184	810	938	658
11. Securities contributions	0	0	1	0	210
Total D = (10+11)	700	184	811	938	868
II. Total bond volume (C+D)	7 584	5 475	5 207	4 543	2 860
III. General Total	62 142	49 812	52 091	72 736	69 737

Source: Casablanca Stock Exchange

The liquidity ratio, although still at relatively low levels, increased for the third consecutive year to 10.35% in 2017, compared with 9.54% in 2016 and 8.49% in 2015.

Graph 5: Changes in the liquidity ratio of the stock market



Source: Casablanca Stock Exchange

1.4 Types of investors

1.4.1 On the central market of the Casablanca Stock Exchange

By investor profile, UCITS continued to grow for the third consecutive year in terms of their relative share of the transaction volume carried out on the central market, thus generating 34% of the aforementioned transaction volume. In contrast, the relative share of legal entities fell from 45% in 2016 to 31% in 2017. Moroccan natural persons and foreign legal entities accounted for 20% and 11% of the volume, respectively.

Table 2: Breakdown of the transactions volume on the central market by investor category

(excluding transactions of contributions, IPOs, tender offers and cash capital increases)

	UCITS	Moroccan legal entities	Moroccan natural persons	Foreign legal entities	Foreign natural persons	Banking network	Total
2015	23%	57%	5%	12%	NS	3%	100%
2016	27%	45%	11%	13%	NS	4%	100%
2017	34%	31%	20%	11%	1%	3%	100%

Source: Brokerage firms

In terms of changes, there was a very strong increase in transactions recorded by Moroccan natural persons for the second consecutive year. Indeed, their volume of activity doubled in 2017, for both purchases and sales, raising the share of this investor category to 20% versus 11% the previous year. To a lesser extent, UCITS also saw their weight increase by 7 points, going from 27% to 34%.

4 - The liquidity ratio is a moving average of the monthly volume (not doubled) of central and block markets relative to month-end capitalization, calculated over a rolling year.

Table 3: Breakdown of stock market volume of purchases and sales by investor category in the central market (in MAD millions)

(excluding transactions of contributions, IPOs, tender offers and cash capital increases)

	PURCHASES			SALES		
	2016	2017	Change	2016	2017	Change
UCITS	10 099,99	16 161,64	60%	8 157,41	10 840,06	33%
Moroccan legal entities	15 455,53	10 535,59	-32%	15 535,77	14 151,88	-9%
Moroccan natural persons	3 327,29	8 036,97	142%	3 893,97	7 806,95	100%
Foreign legal entities	4 849,23	4 206,04	-13%	3 983,12	4 669,17	17%
Foreign natural persons	123,03	198,80	62%	141,01	216,59	54%
Banking network	347,98	657,85	89%	2 491,77	2 112,24	-15%
TOTAL	34 203,05	39 796,88	16%	34 203,05	39 796,88	16%

Source: brokerage firms, AMMC calculations

1.4.2 Foreign investors in the Casablanca Stock Exchange

At December 31, 2017, the value of stocks invested in listed shares by foreign investors and Moroccans residing abroad (MREs) increased by 4.6%, going from MAD 192.36 billion in December 2016 to MAD 201.26 billion at the end of 2017. The ratio of the value of the aforementioned stocks to market capitalization remained virtually unchanged, standing at 32.10% versus 32.97% a year earlier.

The bulk of foreign investment in listed shares is in the form of strategic holdings . At the end of 2017, their share of total foreign investment remained almost the same as in December 2016, reaching 91.26%.

Moreover, the floating share of foreign capital invested in the Casablanca Stock Exchange stood at 2.81% of the total market capitalization and at 12.25% of the floating capitalization.

Table 4 : Typology of foreign and Moroccans Residing Abroad investments in listed Moroccan shares (in MAD millions)

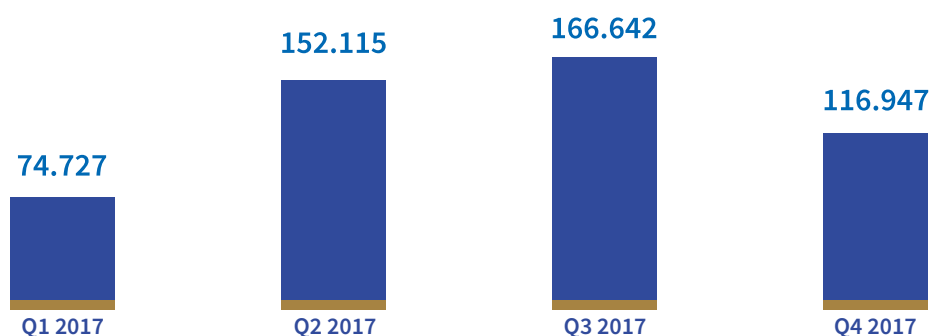
	31/12/2016		31/12/2017	
	Amount	%	Amount	%
Foreign and Moroccans Residing Abroad investments held in Morocco, including:	192.358	100%	201.262	100%
- Strategic share	176.201	91,60%	183.663	91,26%
- Floating	16.157	8,40%	17.599	8,74%
Market capitalization	583.380		626.965	
Floating market capitalization	133.205		143.617	
Foreign and Moroccans Residing Abroad investments / Market capitalization	32,97%		32,10%	
Strategic share/ Market capitalization	30,20%		29,29%	
Floating/ Market capitalization	2,77%		2,81%	
Floating/Floating market capitalization	12,13%		12,25%	

Source: Account keepers, Casablanca Stock Exchange, AMMC calculations

2. SECURITIES LENDING

In 2017, the volume of securities lending transactions reached nearly MAD 510 billion, up 57% compared to the volume in 2016. At the end of 2017, outstanding amount of transactions stood at MAD 15 billion.

Graph 6: Total volume of securities lending transactions (in MAD millions)



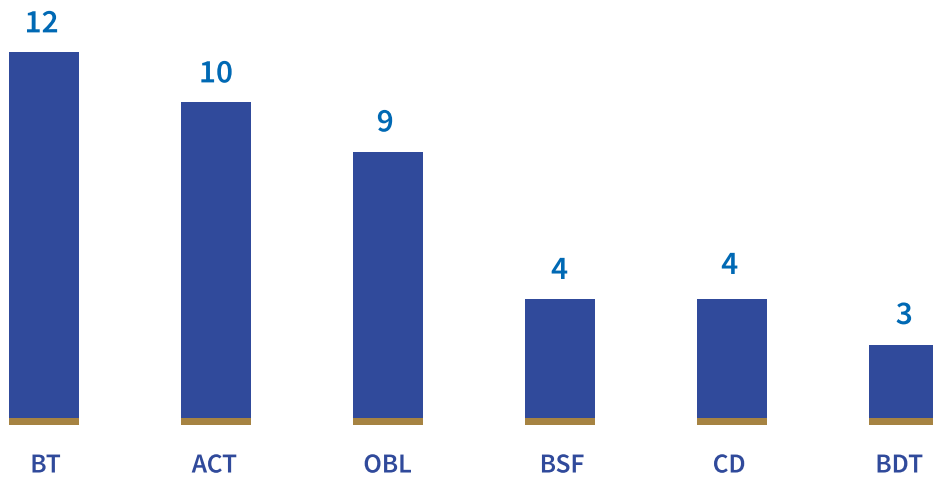
Source: Banks, AMMC calculations

The distribution of trading volumes by customer category remained the same as in 2016, with banks predominating as borrowers (71%) and UCITS as lenders (81%).

In 2017, securities lending transactions mainly concerned Treasury bills, which alone accounted for 81% of securities lent. Certificates of deposit and bonds were also the subject of lending transactions with respective shares of around 11% and 5%. Equity lending remained marginal, accounting for 1.1% of total volume.

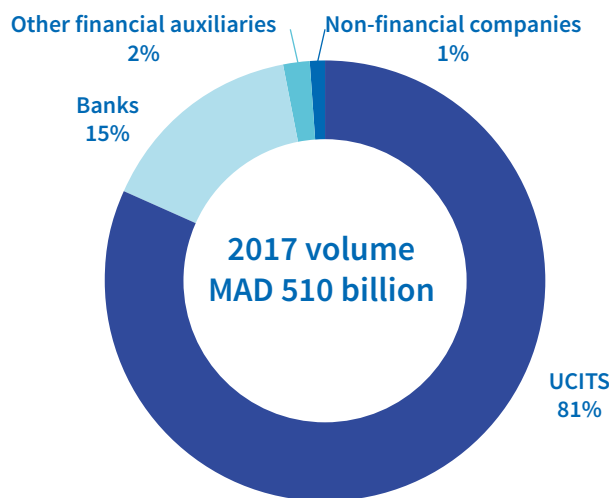
The average duration of a securities lending transaction varies between 3 and 12 weeks depending on the type of financial instrument, with the longest holding periods recorded for Treasury bills.

Graph 7: Average duration in weeks by category of securities⁶



Source: Banks, AMMC calculations

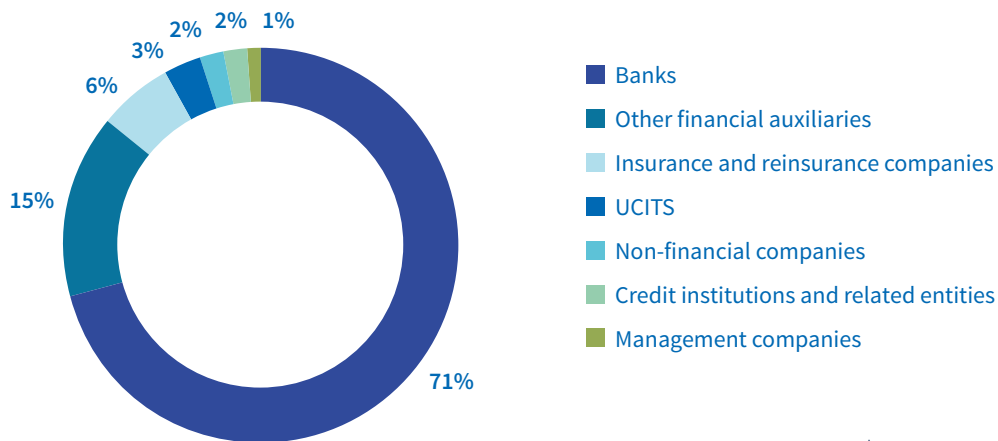
Graph 8: Volume traded by customer category (Lending)



Source: Banks, AMMC calculations

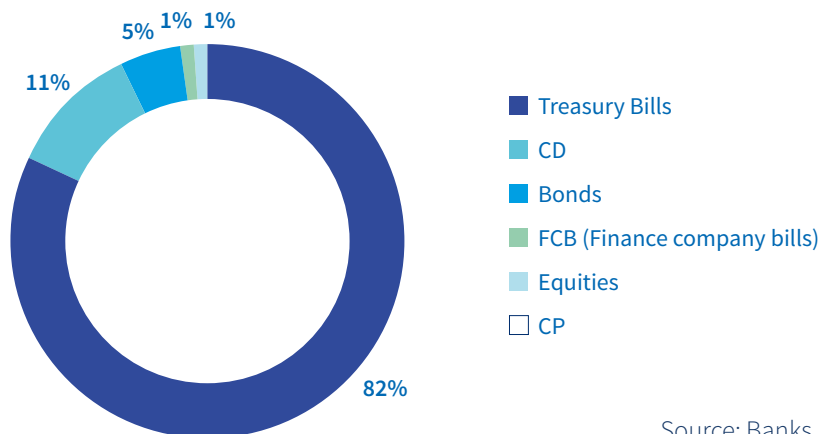
6 - ACT: common shares; TB: Treasury bills; FCB: finance company bills; CP: commercial paper; CD: certificates of deposit; BO: bonds

Graph 9: Volume traded by customer category (Borrowing)



Source: Banks, AMMC calculations

Graph 10: Volume traded by category of securities



Source: Banks, AMMC calculations

3. PUBLIC OFFERING

During 2017, the AMMC processed a total of 68 financial transactions, including some 50 on debt securities. In terms of volume, equity securities transactions fell sharply, given the exceptional and non-recurring nature of certain transactions processed in 2016. On the other hand, the volume of transactions in debt securities increased by 35%, going from 52 to more than 70 billion dirhams.

3.1 Equity securities transactions

After an exceptional year in 2016 marked by four mergers and acquisitions, the number of transactions in equity securities fell from 9 in 2016 to 4 in 2017. As a result, the volume of transactions fell by around 93%.

Table 5: Equity securities transactions

	Number of transactions processed		Transaction amounts (in MAD millions)	
	2016	2017	2016	2017
Public offering	8	4	20 305	1 561
INITIAL PUBLIC OFFERINGS	1	-	1 940	-
CAPITAL INCREASES	5	3	11 749	1 493
In cash	-	2	-	1 370
Through merger-takeover	4	-	11 628	-
Through conversion of dividends	1	1	120	123
TENDER OFFER	2	1	6 617	68
Takeover bid	1	-	6 149	-
Public squeeze-out	1	1	468	68
Private placement	1	-	2 000	-
CAPITAL INCREASE	1	-	2 000	-
Total equity securities transactions	9	4	22 305	1 561

Source: AMMC

3.2 Debt securities issues

Total issuance of debt securities increased by 35% in 2017, reaching MAD 70 billion compared with MAD 52 billion in the previous year. This increase resulted from a 17% increase in bond issues and a 42% increase in issues of marketable debt securities.

Table 6: Debt securities issues

	Number of transactions processed		Transaction amounts (in MAD millions)	
	2016	2017	2016	2017
Bond issues	14*	21	15 150*	17 805
By public offering	10	13	13 600	14 550
By private placement	4	8	1 550	3 255***
Issues of marketable debt securities**	20	32	36 856	52 462
Commercial paper	5	10	4 468	5 749
Certificates of deposit	10	12	28 499	39 428
Finance company bills	5	11	3 889	7 285
Total debt securities issues	34	54	52 006	70 268

Source: AMMC

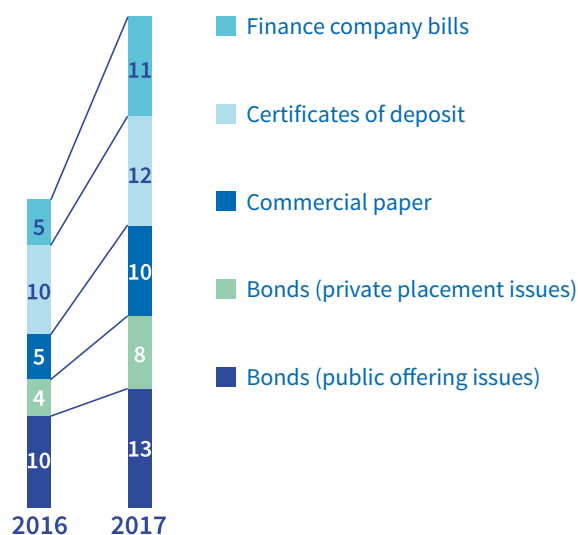
(*): Does not take into account two transactions that received a preliminary approval

(**): The number of transactions processed corresponds to the number of information files processed by the AMMC, while the transaction amount corresponds to the amounts issued. (Source Maroclear)

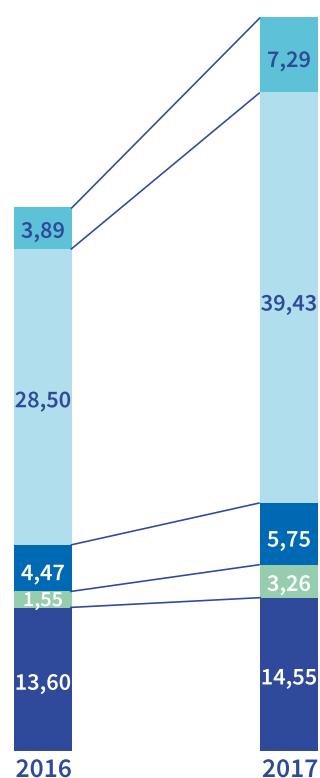
(***): Including a «Green Bond» issue carried out by BCP, denominated in Euros for an amount of 135 million Euros converted at the rate of 11.153 MAD/Eur, reference exchange rate on December 29, 2017

Graph 11: Debt securities transactions

Number of transactions handled on debt securities



Amounts of transactions handled on debt securities (in MAD billions)



Source: AMMC

3.3 Other financial transactions

In 2017, the amount of other financial transactions processed continued on the upward trend that began in 2016, increasing by 25% standing at MAD 3.9 billion. This increase is mainly justified by the increase in the amount of authorized repurchase programs.

Table 7: Other financial transactions

	Number of transactions processed		Transaction amounts (in MAD millions)	
	2016	2017	2016	2017
REPURCHASE PROGRAMS	4	5	2 926	3 711
PUBLIC OFFERINGS BY FOREIGN GROUPS	10	9	187 *	171*
Total of other financial transactions	14	14	3 113	3 882

Source: AMMC

(*) Sum of the maximum amounts authorized under the General Instruction on Foreign Exchange Transactions

Box N°2
PRIVATE BANK DEBT:
EMERGENCE OF A NEW TYPE OF FINANCIAL INSTRUMENT

Banks are regular and recurring issuers on the private debt market through issues of bonds and certificates of deposit.

Bond issues by banks are generally accompanied by a loan subordination clause, allowing the bank to benefit from the loan's classification as additional shareholders' equity eligible to cover weighted commitments.

In application of the latest prudential rules (Basel III) and in order to strengthen their regulatory shareholders' equity, Moroccan banks now offer perpetual bonds with mechanisms to absorb losses and cancel coupon payments, more commonly known as «CoCos» (Contingent Convertibles bonds). Thus, three such issues were made by credit institutions. The first issue was made in December 2016 for MAD 500 million and the other two, including one by way of private placement, in 2017 for a total amount of MAD 1.07 billion.

The loss absorbing mechanism allows issuers to write down the nominal value of the bonds according to the core capital ratio level (equity tier ratio), while the coupon cancellation mechanism allows issuers to decide, at their discretion, to fully or partially cancel the interest payment due for an indefinite period and on a non-cumulative basis.

These characteristics, which make the instrument eligible for Tier 1 capital, also make it complex. Indeed, the instrument's risk profile differentiates it from that of traditional bonds and it is more challenging to evaluate this instrument insofar as the options attached to it relate to factors that are difficult to apprehend such as the chosen future trigger level (trigger element).

The complexity of these instruments makes them unsuitable for non-qualified investors. Indeed, only qualified investors are deemed to have the skills and resources necessary to understand the risks inherent to these instruments. In this respect, on the three aforementioned issues, the investment was restricted to qualified investors, both on the primary market and the secondary market. This restriction has been explicitly mentioned in the prospectus relating to these transactions, and account keepers and financial intermediaries have been required to ensure its strict enforcement. In addition, UCITS' investment in this asset class requires the inclusion in their prospectus of an express statement authorizing them to hold this type of instrument.

4. COLLECTIVE MANAGEMENT PRODUCTS

4.1 UCITS

4.1.1 UCITS in the Moroccan economy

UCITS continue their upward trend in terms of their weight in the Moroccan economy. At the end of 2017, UCITS' net assets represented the equivalent of 39.12% of GDP compared with 37.06% at the end of 2016. This development is explained by a greater increase in the net assets of UCITS compared to GDP at current prices (10.74% versus 4.9%).

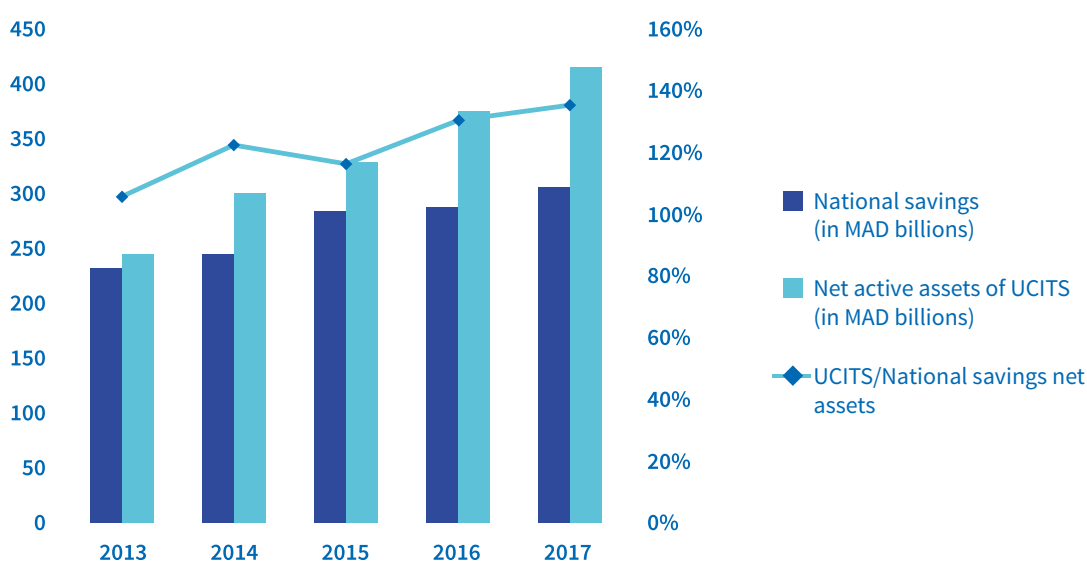
Table 8: Changes in GDP, in UCITS' net assets and ratio [net assets UCITS/GDP]

	2015	2016	2017
GDP (in MAD billions)	987,95	1013,56	1063,30
UCITS net assets (in MAD billions)	330,12	375,61	415,96
Ratio Net assets UCITS/GDP	33,41%	37,06%	39,12%

Sources: asset management companies/High Commission for Planning

The ratio of UCITS' net assets to national savings reached 135.55% at the end of 2017, up 4.93 percentage points year-on-year. This increase is explained by a greater increase in the net assets of UCITS (+10.74%) than that recorded by National Savings (+6.72%).

Graph 12: Changes in the ratio [UCITS' net assets / overall National Savings]



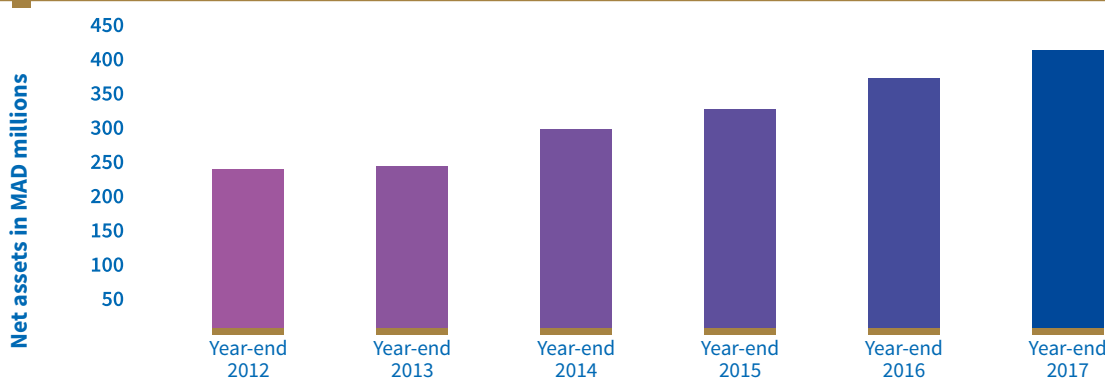
Sources: Asset management companies/ HCP (High Commission for Planning)

4.1.2 Overall changes in UCITS' net assets

Over the last five years, UCITS' net assets have grown steadily. Assets under management increased by nearly 72% to reach MAD 415.96 billion at the end of 2017.

This substantial increase, of around MAD 174.11 billion, was mainly driven by the «Medium and Long-Term Bonds» and «Short Term Bonds» UCITS, whose net assets increased by MAD 102.9 billion and MAD 39.73 billion respectively between 2012 and 2017, representing more than 80% of the overall change. The remainder of the increase was due to changes in the outstanding amounts of other categories of UCITS, which totaled MAD 31.46 billion.

Graph 13: Change in UCITS net assets (2012-2017)
(in MAD billions)

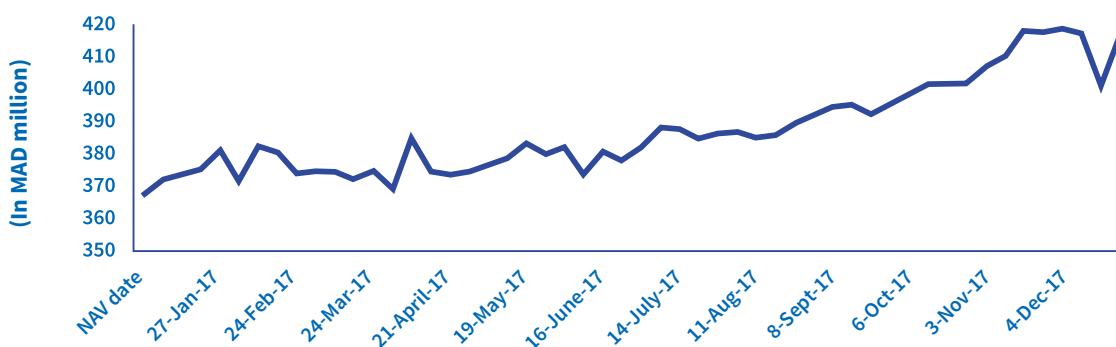


Source: Asset management companies

4.1.3 Change in UCITS net assets in 2017

In 2017, UCITS' net assets continued to grow and topped the MAD 400 billion mark. At the end of 2017, total outstanding assets amounted to MAD 415.96 billion, compared with MAD 375.60 billion at the end of 2016, representing an annual increase of 10.74%. This MAD 40.35 billion increase is explained by the two factors responsible for the change in net assets, namely net subscriptions with a volume of MAD 28.73 billion and the positive performance achieved by all categories of UCITS, estimated at MAD 11.61 billion.

Graph 14: Change in UCITS net assets in 2017



Source: Asset management companies

4.1.4 Breakdown of UCITS by category at year-end 2017

With the creation of seven new UCITS (three «Diversified», one «Equity», one «Money Market», one «Short-Term Bonds» and one «Medium and Long-Term Bonds»), the number of funds in activity rose from 425 at the end of 2016 to 432 UCITS at the end of 2017. As regards the distribution of UCITS according to their legal form, mutual funds remain overwhelmingly in the majority with 386 funds, compared with 46 SICAVs.

«Medium and Long-Term Bonds» UCITS still rank first with 150 UCITS and assets under management of MAD 218.42 billion, representing more than half of total net assets (52.51%).

During 2017, the six categories of UCITS developed as follows:

- **“Equity” UCITS:**

The net assets of the 89 «Equity» UCITS reached MAD 35.43 billion at the end of 2017, versus MAD 26.34 billion a year earlier, marking an increase of 34.52%. In addition to net inflows of MAD 6.32 billion, this increase was due to the performance of the various UCITS in this category. Of the 89 funds in this category, 74 outperformed the equity market with returns ranging from 6.65% to 52.86%, compared with 6.39% for the MASI.

- **“Diversified” UCITS:**

With the creation of three new UCITS and the change of category from «Diversified» to «Short-term bonds» UCITS, the number of «Diversified» funds stood at 76 at the end of 2017. This category posted an annual performance of 5.47% and net subscriptions of MAD 6.73 billion. The outstanding assets of «Diversified» UCITS thus reached a volume of MAD 26.68 billion, up 36.28% compared to 2016.

- **“Money market” UCITS:**

At the end of 2017, the net assets of «Money market» UCITS fell by 5.85%. Indeed, outstanding assets in this category fell from MAD 72.77 billion at the end of 2016 to MAD 68.51 billion at the end of 2017. This decrease is due to net buybacks of MAD 5.56 billion, partially offset by an annual performance of 2.07%.

- **“Short-term bonds” UCITS:**

Following the creation of a new UCITS and the transition of two UCITS, classified respectively in the «Diversified» and «Money Market» categories to the «Short-term bonds» category, the latter comprised 49 funds at the end of 2017. The net assets of this class increased by 26.87% to reach MAD 64.95 billion at the end of 2017. This growth is mainly attributable to net subscriptions which amounted to MAD 10.86 billion (i.e. more than seven times the amount of net subscriptions one year earlier) and to an annual performance of 2.49%.

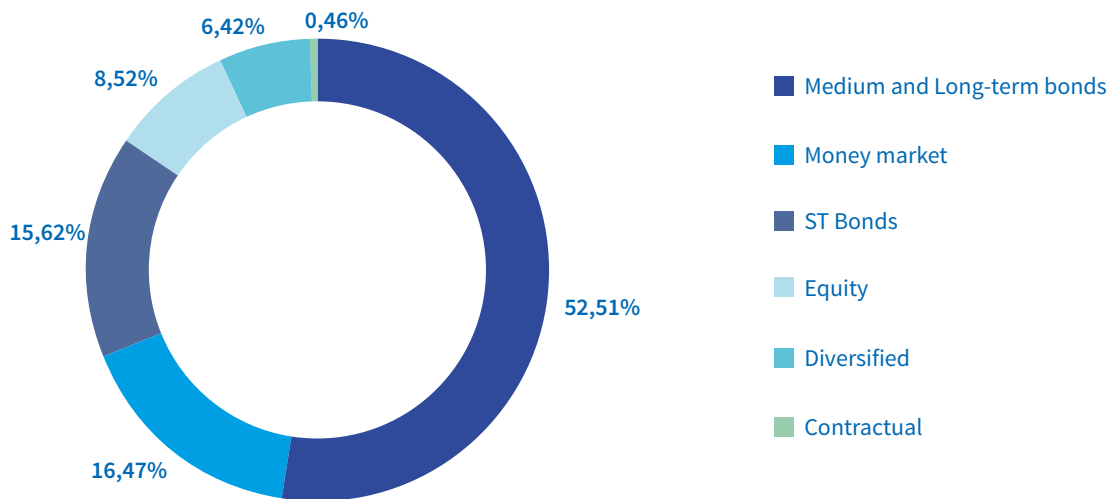
- **“Medium and long-term bonds” UCITS:**

A net inflow of more than MAD 10 billion and a positive performance of 2.84% led to a 7.02% growth in net assets in this category. Net assets of «Medium and long-term bonds» UCITS thus amounted to MAD 218.42 billion at the end of 2017 compared with MAD 204.09 billion a year earlier.

- **“Contractual” UCITS:**

Assets under management in this category reached MAD 1.93 billion at the end of 2017, up 20.44% year-on-year. Net subscriptions of around MAD 279.55 million and the positive performances achieved by all funds in this category were at the origin of this increase.

Graph 15: Breakdown of net assets of UCITS by category at year-end 2017



Source: asset management companies

4.1.5 Annual performance achieved by the UCITS categories

At the end of 2017, «Equity» UCITS outperformed their benchmark index, posting an annual increase of 10.50% versus 6.39% for the MASI.

Despite the upward movement in the yield curve during the year, the «Medium and long-term bonds» and «Short-term bonds» UCITS achieved positive performances of 2.84% and 2.49%, respectively.

«Diversified» UCITS achieved a positive annual performance of 5.47% at the end of 2017. This change is attributable to debt yields coupled with equity market growth. Indeed, outstanding debt securities represent 55.64% of the net assets of this category and equity securities account for nearly 27%.

Taking into account the increase in short-term rates recorded during the year (in particular the 26-week maturity rate, which increased by 11 basis points), the «Money market» category posted an annual performance of 2.07% at the end of 2017, to be compared with the annual average of overnight repo rates, which stood at 2.16%.

Depending on the investment strategy adopted, «Contractual» UCITS recorded positive returns of between 1.56% and 4.64% at the end of 2017. Indeed, UCITS in this category have extremely different management strategies resulting in significant performance disparities.

4.1.6 Composition of UCITS portfolios

Compared with the previous year, the structure of assets under management changed slightly, with a decrease in the proportion of unlisted securities (75.97% compared with 78.21% one year earlier) and an increase in the proportion of listed securities (+1.38 percentage points).

Table 9: Breakdown of net assets by investment category

Investment category	End 2016	End 2017
	Structure	
Listed securities (LS)	7,72%	9,10%
LS - Equity	7,45%	8,90%
LS - Private bonds	0,27%	0,14%
LS - Bonds issued or guaranteed by the State	0,003%	0,06%
Non-listed securities (NLS)	78,21%	75,97%
NLS - Bonds issued or guaranteed by the State	51,16%	48,32%
NLS - Marketable debt securities	11,22%	11,13%
NLS - Private bonds	11,12%	12,23%
NLS - UCITS securities	4,59%	4,19%
NLS - Other	0,11%	0,10%
Other asset items	14,07%	14,93%
Total assets	100%	100%

Source: Management Companies & AMMC Calculations

Non-listed securities:

Composed mainly of Treasury Bonds, bonds issued or guaranteed by the State represent the major part of the total outstanding assets (48.32%). This share is down compared to 2016 (51.16%), despite the annual increase of MAD 10.57 billion in outstanding assets in the segment.

Other asset items:

Composed mainly of debt securities received under repurchase agreements, this item represented 14.93% of total assets at the end of 2017, virtually unchanged from the previous year (14.07%).

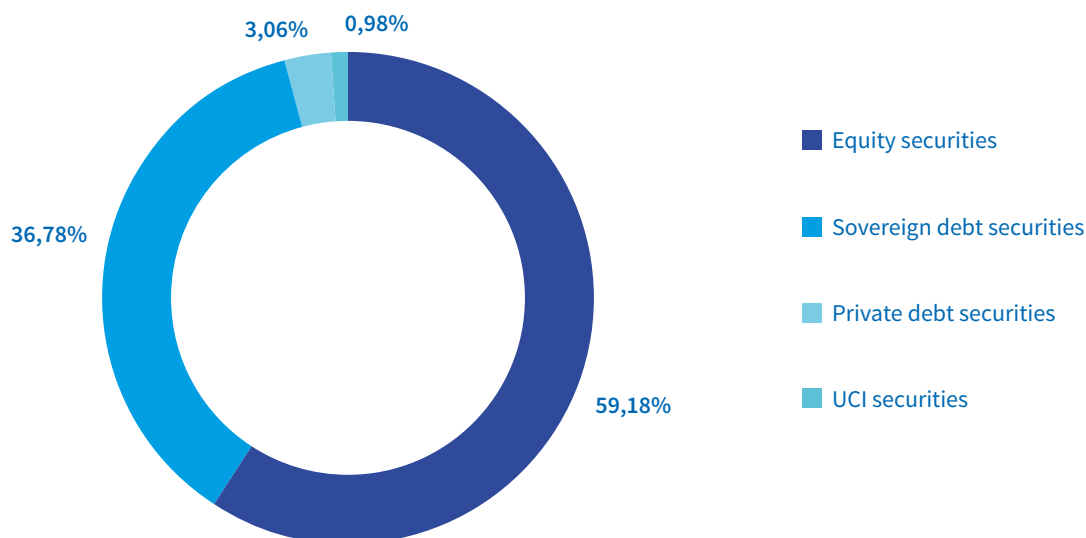
Listed securities:

Benefiting from the positive performance of the equity market, the share of listed securities held by UCITS rose from 7.72% in 2016 to 9.10% in 2017. This change is mainly attributable to the MAD 9.76 billion increase in outstanding listed shares.

4.1.7 UCITS investments abroad

By the end of 2017, the share of foreign investments in the total net assets of UCITS remained stable compared with 2016 and remained well below the 10% authorized maximum. In fact, outstanding investments made by UCITS abroad amounted to MAD 3.88 billion in 2017, representing 0.93% of total outstanding investments compared with 0.90% one year earlier.

Graph 16: Composition of foreign investments by UCITS at year-end 2017



Source: Asset management companies

The composition of foreign investments is characterized by the predominance of Moroccan debt securities denominated in foreign currencies, which represented 59.18% of investments at the end of 2017 compared with 48.73% at the end of 2016. Outstanding assets of UCI securities, consisting mainly of securities issued by ETFs, ranked second with a share of 36.78% in 2017 versus 34.44% in 2016. As for private debt and equity securities, they declined in 2017 to 3.06% and 0.98% respectively, compared with 15.26% and 1.56% at the end of 2016.

4.1.8 UCITS investors

As a result of the positive annual performance achieved by all categories of UCITS, in particular «Equity» UCITS, the number of investors in units or shares of UCITS stood at 18,775 at the end of 2017, that is 558 more investors than a year earlier.

Table 10: Breakdown of net assets by investor type at year-end 2017

	Equity and diversified UCITS	Bond UCITS	Money market UCITS	Contractual UCITS	Total UCITS	Share (as a %)
Financial companies including:	49 040	236 133	29 830	639	315 642	75,9%
Banks, CDG and finance companies	14 504	76 573	10 035	302	101 414	24,4%
Insurance and pension and providence institutions	31 151	140 719	13 788	142	185 801	44,7%
UCITS and other portfolio companies	3 133	15 974	3 611	193	22 910	5,5%
Brokerage firms	116	266	666	0	1 048	0,3%
Other financial institutions	136	2 602	1 730	2	4 469	1,1%
Non-financial companies	2 340	32 623	32 270	1 207	68 438	16,5%
Resident natural persons	9 260	13 964	6 105	86	29 415	7,1%
Non-resident natural persons and legal entities	1 488	664	313	1	2 467	0,6%
TOTAL	62 127	283 384	68 518	1 932	415 962	100%

Source: UCITS custodians, AMMC Calculations

At the end of 2017, financial companies were the leading investors in UCITS, accounting for 75.9% of total net assets under management. Within this category, the main investors are insurance companies and pension and provident institutions (with 44.7% of net assets under management), followed by banks, CDG and finance companies (24.4%).

The other categories of UCITS investors are, in order of importance, non-financial corporations (16.5% of net assets), resident natural persons (7.1%) and non-resident natural and legal persons (0.6%).

4.2 Securitization vehicles (FPCT)

Following the launch, at the initiative of three asset management companies, of four new funds, the number of active FPCTs stood at 9 vehicles at the end of 2017.

Securitizations carried out in 2017 amounted to MAD 4.01 billion and covered the acquisition of:

- Real estate assets;
- Mortgage-backed securities;
- Current and future trade receivables;
- Outstanding consumer loans.

At year-end, the total net assets of active FPCT (securitization vehicles) reached MAD 5.76 billion.

4.3 Venture capital investment vehicles (OPCC)

At the end of 2017, the situation of OPCCs remained unchanged with four active OPCCs (out of five vehicles authorized by the AMMC), managing total net assets of MAD 502.7 million.

Active OPCCs are involved in all phases of the life cycle of the companies they finance and implement generalist or specialized investment strategies in the following sectors:

- Energy;
- “Green technology”;
- Agribusiness;
- Infrastructure.

5. MARKET PLAYERS

5.1 Brokerage firms

5.1.1 Legal and social life

In 2017, the legal and social life of brokerage firms has been marked by several changes in governance bodies and management teams. Furthermore, a brokerage firm has experienced a change in its shareholding structure, with no impact on the company’s control.

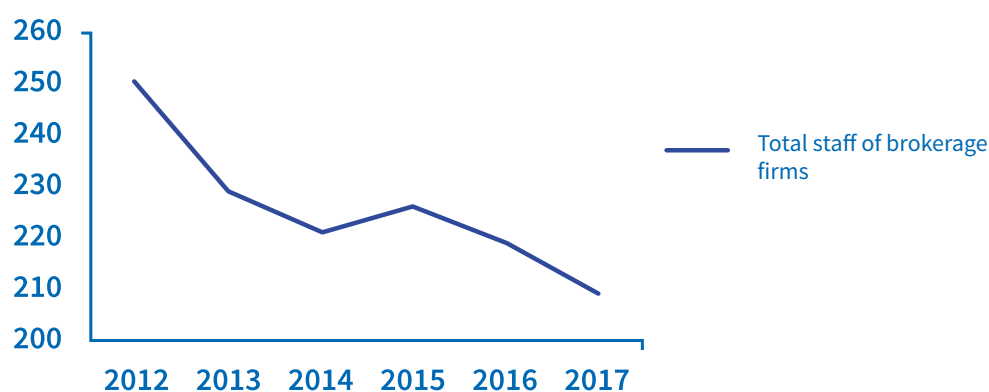
Table 11: changes in the governance structures of brokerage firms

Nature of the change	Brokerage firms
Change in shareholding structure	MSIN
Appointment of new executives	Capital Trust Securities: Appointment of a General Manager; BMCE capital bourse: Appointment of a Deputy General Manager; Art bourse: Appointment of a Deputy General Manager.
Appointment of new members to the Board of Directors	Capital Trust Securities Crédit du Maroc capital MSIN

Source: Brokerage firms

Also, 2017 was characterized by a rotation of teams in the majority of brokerage firms, materialized by 20 recruitments and 23 departures, mainly in key positions. The average staff has decreased overall in recent years, dropping from 15 in 2012 to 12 in 2017.

Graph 17: Change in the total staff of brokerage firms



Source: Brokerage companies, AMMC calculations

5.1.2 Business indicators

- Financial indicators**

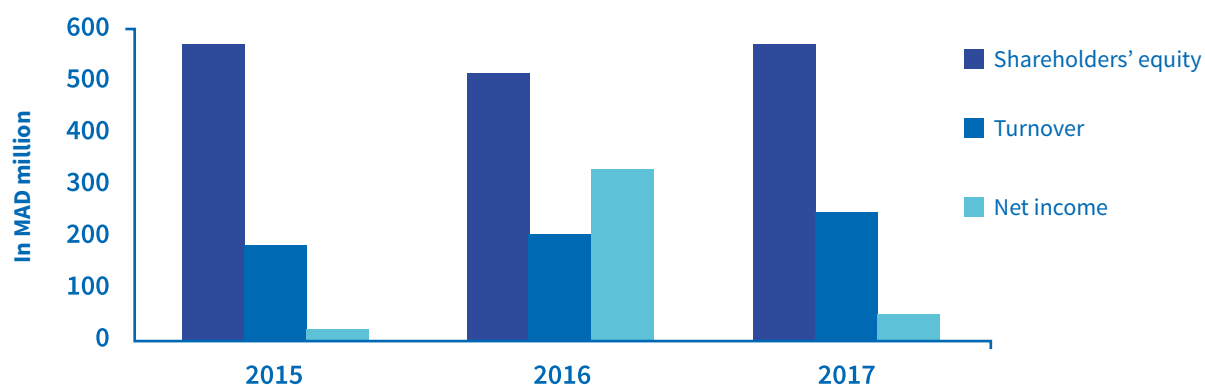
In 2017, brokerage firms generated total turnover of MAD 245 million, up 20% compared with 2016. This increase contributed to a positive operating income for 12 out of 17 brokerage firms, reversing the trend of 2016⁷.

Moreover, brokerage firms generated a net income of MAD 51 million compared with MAD 330 million in 2016, a year that was marked by the receipt of extraordinary dividends⁸.

7 - 2016 was marked by negative operating income of 12 out of 17 brokerage firms.

8 - In 2016, brokerage firms received extraordinary dividends following the completion of the demutualization process of the Casablanca Stock Exchange, hence reflecting a net income of MAD 330 million.

Graph 18: Change in financial indicators of brokerage firms



Source: Brokerage firms, AMMC calculations

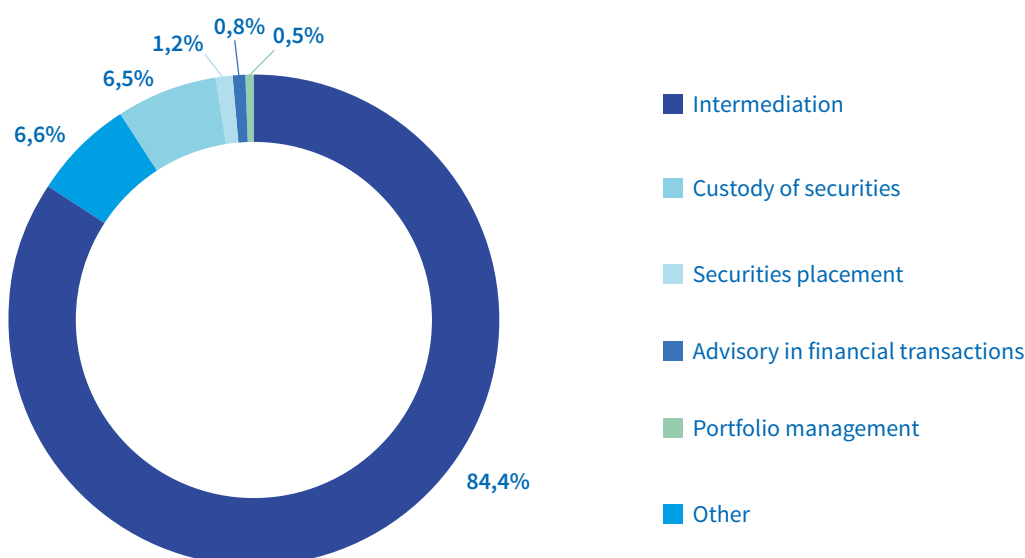
The breakdown of turnover shows a predominance of intermediation, which alone generates 84% of total turnover.

**Table 12: Key figures for brokerage firms
(in MAD millions)**

	2015	2016	2017
Number of brokerage firms	17	17	17
Overall turnover	184,99	203,98	245,55
Intermediation	141,35	173,91	207,25
Custody of securities	5,72	9,70	15,96
Advisory in financial transactions	13,24	1,57	1,96
Securities placement	9,98	3,53	2,97
Portfolio management	0,37	1,33	1,06
Other	14,34	13,94	16,35
Overall net income	22,06	330,54	51,25
Guarantee fund	39.44	41,99	44

Source: brokerage firms

Graph 19: Breakdown of the turnover of brokerage firms by activity



Source: brokerage firms, AMMC Calculations

Also, the breakdown of turnover between brokerage firms shows that 11 brokerage firms which are bank subsidiaries enjoy 81% market share against 19% attributable to the 6 brokerage firms which are subsidiaries of non-bank financial groups.

● **The guarantee fund**

The guarantee fund aims to compensate the clients of brokerage firms put into liquidation, in the event that the liquidated company has not complied with the rules of segregation between the clients' assets and its proprietary assets. This fund is funded by a contribution, the amount of which is determined as a percentage of the volume of securities and cash held by each brokerage firm.

In 2017, the guarantee fund totaled MAD 44 million. Contributions paid increased by 14% compared to 2016 due to the increase in the value of assets held by brokerage firms, whose average amount exceeded MAD 11.2 billion in 2017.

5.1.3 Client structure

The number of clients of brokerage firms remained almost stable between 2016 and 2017 (+1%). In terms of structure, Moroccan natural persons are predominant, accounting for 80% of all clients, followed by UCITS with 10%, the rest being distributed among other client categories.

Table 13: Client structure of brokerage firms⁹

	Moroccan natural persons	UCITS	Moroccan legal entities	Foreign legal entities	Foreign natural persons	Total
2015	4903 (77%)	704 (11%)	496 (8%)	163 (3%)	106 (1%)	6372
2016	5856 (79%)	728 (10%)	540 (7%)	168 (2%)	115 (2%)	7407
2017	5958 (80%)	767 (10%)	483 (6%)	155 (2%)	118 (2%)	7481

Source: brokerage firms, AMMC calculations

5.2 Account keepers

At the end of 2017, the total stock of financial instruments in custody was approximately MAD 1,748 billion, up 8.08% compared to 2016. The share of banks remains predominant and represents 94% of assets.

Furthermore, with a total of 136,028 securities accounts, the number of securities accounts fell by 4% compared to 2016, mainly due to the decline in the number of accounts held by the resident natural persons category, which alone accounts for 84% of the total number of securities accounts opened.

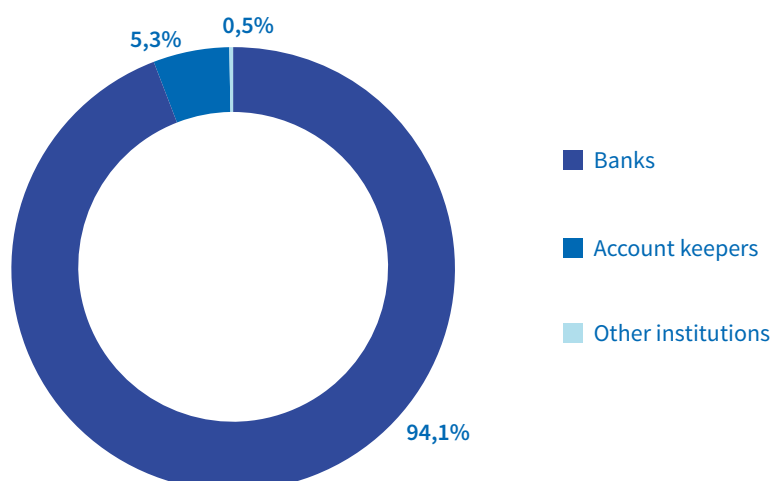
Table 14: Key figures of account keepers

	2016	2017
Number of account keepers	24	24
Number of securities accounts	141 270	136 028
Resident natural persons	119 957	114 723
Resident legal entities	7 422	7 669
Non-resident natural persons	13 463	13 254
Non-resident legal entities	428	382
Assets managed A = (1)+(2)+(3)+(4) (in MAD millions)	1 617 645	1 748 402
By banks (1)	1 538 955	1 646 620
By brokerage firms that are account keepers (2)	10 481	9 385
By issuers (3)	513	481
By other organizations (4)	67 696	91 916
Balance of assets managed in technical accounts (in MAD millions) (B)	2 269	1 405
Total assets C=A+B	1 619 914	1 749 807

Source: Account keepers and Maroclear

9 - PPM : Personne physique marocaine, OPCVM : Organisme de placement collectif en valeurs mobilières, PMM : Personne morale marocaine, PME : Personne morale étrangère, PPE : Personne physique étrangère.

Graph 20: Breakdown of assets in custody



Source: Maroclear

5.3 The central depository

The total assets in custody by Maroclear increased by more than 8%, from MAD 1,619.92 billion at the end of 2016 to MAD 1,749.81 billion at the end of 2017. This trend was supported by the increase in equity assets, Treasury bills and UCITS, which increased by 7%, 5% and 10% respectively compared with assets at the end of 2016.

As for the number of securities held in custody by Maroclear, it increased by 5%, from 1,165 securities held at the end of 2016 to 1,224 securities held at the end of 2017. This increase is explained by the increase in the number of bonds, negotiable debt securities, UCITS and FPCTs (securitization vehicles). The same upward trend was observed in the average settled flows, which posted a variation of nearly 35% between 2016 and 2017, mainly due to the OTC sector.

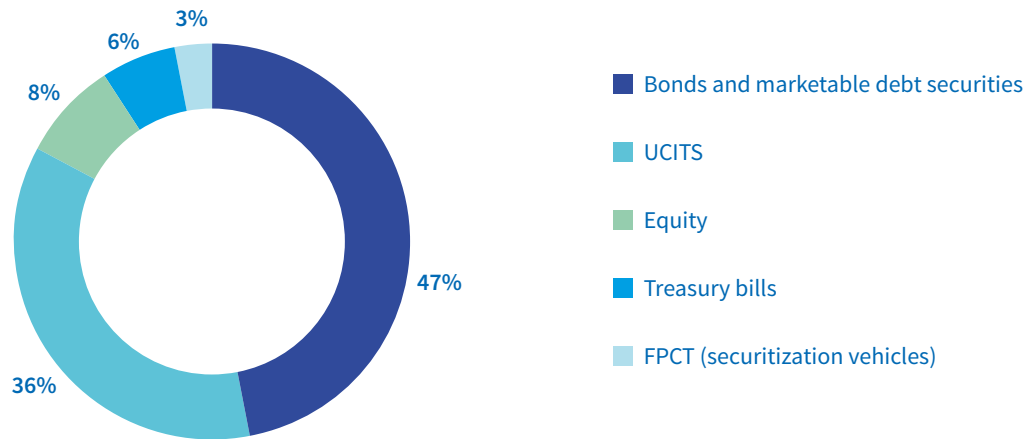
Table 15: Key figures of the central depository's activity

	2015	2016	2017
Number of securities in custody	1 183	1 165	1 224
Equity	95	93	92
Bonds and marketable debt securities	559	525	579
TB	80	87	78
UCITS	412	429	435
FPCT (securitization vehicles)	37	31	40
Total assets (MAD billion)	1 406,4	1 619,92	1 749,81
Equity	464,9	589,42	633,25
Bonds and marketable debt securities	156,5	161,3	181,1
TB	470,1	490,1	516,71
UCITS	308,2	373,5	411,79
FPCTs (securitization vehicles)	6,7	5,6	6,96

	2015	2016	2017
Average daily settled flows (in MAD millions)	32 082	42 711	57 894
OTC	31 520	42 045	57 080
Stock exchange	562	726	814
Free of payment sector	-	-	-
Number of securities administration transactions	1 382	1 129	1 073
Number of dividend distribution transactions managed	88	81	83
Number of securities transactions managed	1 294	1 048	990

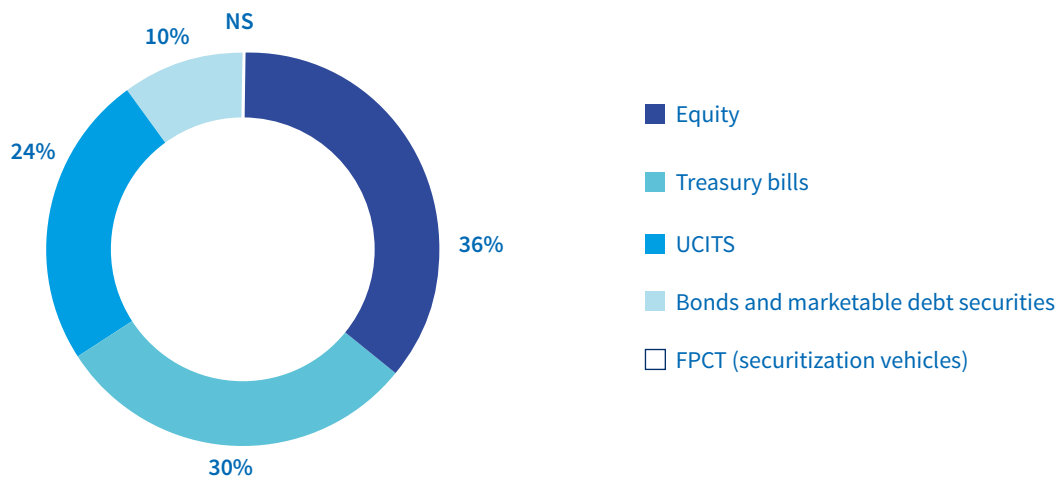
Source: Maroclear

Graph 21: Breakdown of the number of listed securities by category at the end of 2017



Source: Maroclear

Graph 22: Breakdown of the total assets of listed securities by category at the end of 2017



Source: Maroclear

5.4 Asset management companies

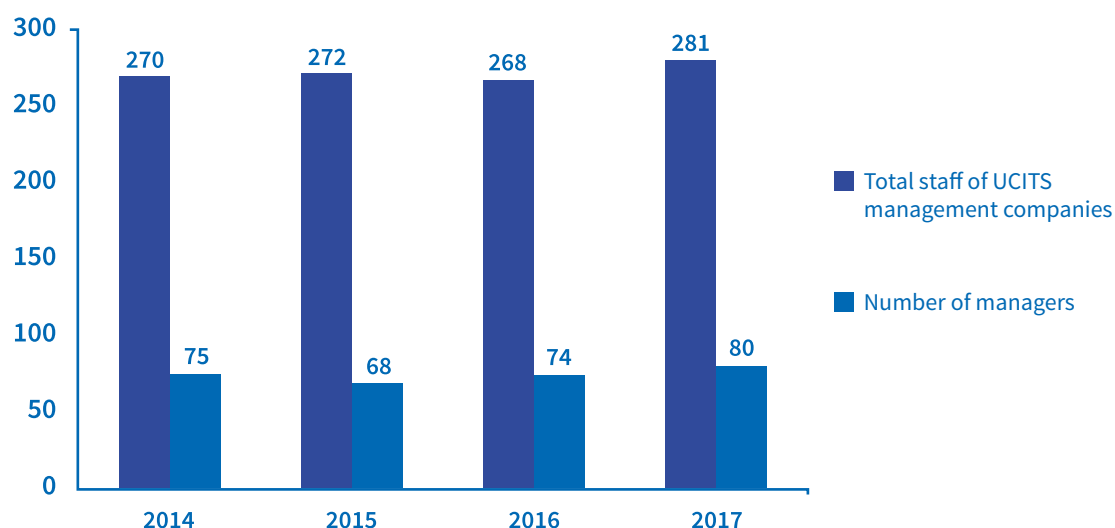
5.4.1 UCITS management companies

After a decrease in 2016 due to the merger between Crédit Agricole du Maroc and the brokerage firm Maroc Services Intermédiation (M.S.IN), the number of UCITS management companies remained stable at 17 companies in 2017.

UCITS management companies are growing in terms of staff numbers, with a total of 281 employees at December 31, 2017, including 80 portfolio managers, compared with 268 a year earlier, including 74 portfolio managers.

It should be noted that more than 50% of UCITS management companies underwent major organizational changes during 2017 (change of executives or members of the governance body).

Graph 23: Change in the staff of UCITS management companies



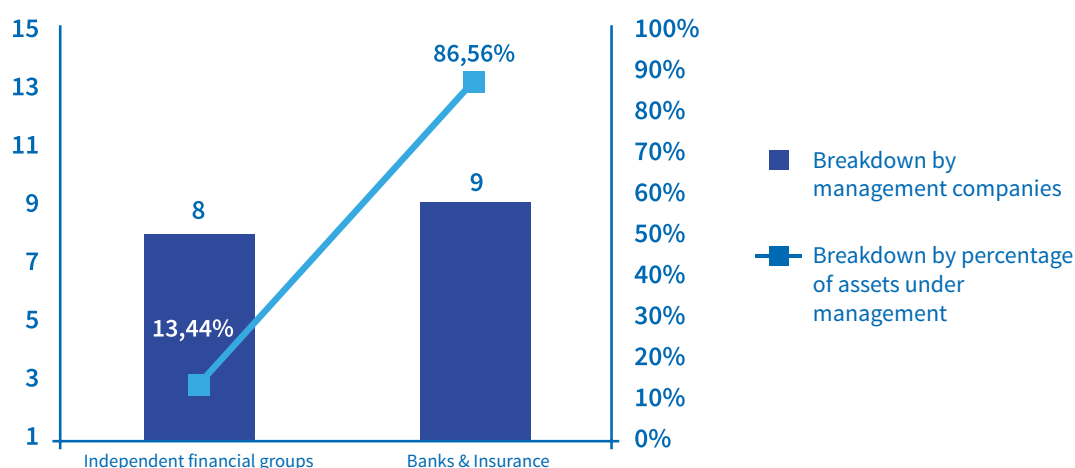
Source: Asset management companies, AMMC calculations

● Business indicators

In 2017, the average net assets of UCITS reached MAD 387.35 billion compared to MAD 349.36 billion in 2016, thus recording an annual growth of 10.87%.

At the end of 2017, MAD 360.07 billion were managed by asset management companies controlled by banks and insurance companies, representing 86.56% of total net assets versus 87.94% the previous year. The number of UCITS funds rose from 425 in 2016 to 432 at the end of 2017.

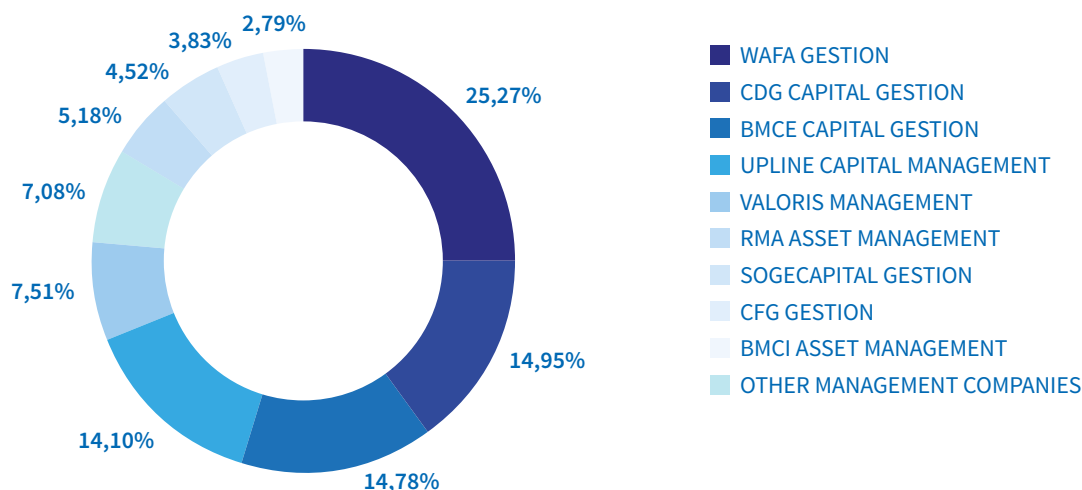
Graph 24: Breakdown of market share of UCITS management companies based on their shareholding structure



Source: Asset management companies, AMMC calculations

As regards business concentration, the aggregate market share of the top three asset management companies in the market was of 55%, with net assets under management of MAD 228.77 billion at the end of 2017, compared with 55.86% and assets under management of MAD 209.80 billion at the end of 2016.

Graph 25: Breakdown of net assets by UCITS management company in 2017



Source: Asset management companies, AMMC calculations

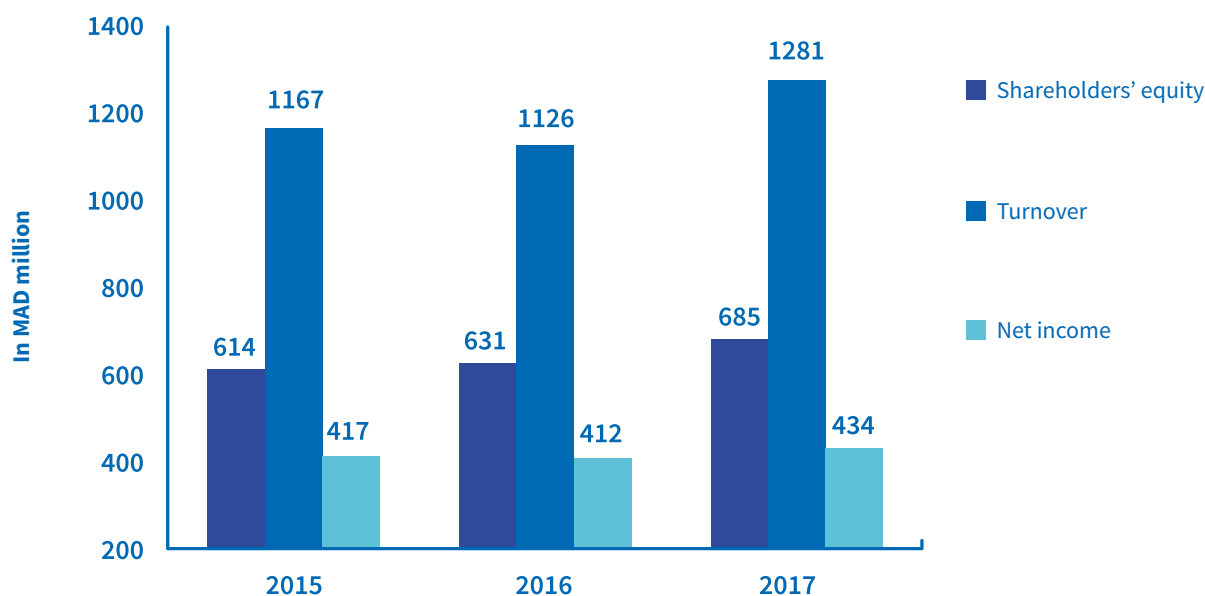
● **Financial indicators**

Consolidated turnover of UCITS management companies increased by 13.82% in 2017 to more than MAD 1,281 billion compared with MAD 1,126 billion in 2016.

The consolidated net income of UCITS management companies followed the same upward trend, posting an increase of 5.22%. It thus increased from MAD 412 million in 2016 to MAD 434 million in 2017.

Equity committed by all UCITS management companies exceeded MAD 685 million, up 8.71% compared with 2016.

Graph 26: Change in financial indicators of UCITS management companies



Source: Asset management companies, AMMC calculations

5.4.2 FPCT (securitization vehicles) management companies

At the end of 2017, there were three FPCT (securitization vehicles) management companies: Maghreb Titrisation, which was created in February 2002, Attijari Titrisation, authorized in November 2014, and BMCE Capital Titrisation, authorized in December 2015. They have a total staff of 19 employees, 6 of whom are responsible for structuring securitization funds.

- **Business indicators**

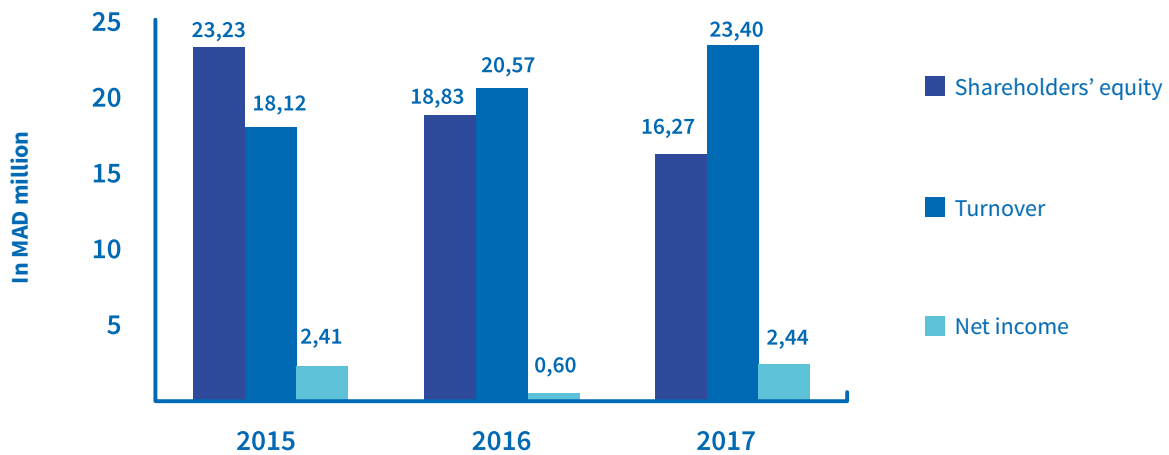
At the end of 2017, there were 9 FPCT (securitization vehicles), including 7 managed by Maghreb Titrisation. Attijari Titrisation and BMCE Capital Titrisation each manage one fund. Total net assets increased by more than 26% to MAD 5.8 billion compared to MAD 4.6 billion at the end of 2016.

- **Financial indicators**

Consolidated turnover of FPCT (securitization vehicles) management companies stood at MAD 23.40 million, versus MAD 20.57 million in 2016, representing an increase of 13.76% year-on-year. After a decline of more than 75% recorded in 2016, the consolidated net income of FPCT (securitization vehicles) management companies returned to the level observed in 2015, at MAD 2.44 million.

Equity committed by all FPCT (securitization vehicles) management companies decreased from MAD 18.83 million to MAD 16.27 million, a decrease of 13.58% compared to 2016.

Graph 27: Change in financial indicators of FPCT (securitization vehicles) management companies



Source: Asset management companies, AMMC calculations

5.4.3 Companies managing venture capital investment vehicles (OPCC)

In 2017, the number of OPCC management companies remained stable with a total of 7, including 4 active management companies that manage 4 funds. These are CDG Capital Infrastructures, CDG Capital Private Equity, Brookstone Partners Morocco and Private Equity Initiatives. By the end of December 2017, the AMMC authorized the GREEN INNOV INVEST fund, which will be managed by Global Nexus. The AMMC also reminded the two inactive management companies of the obligation to honor the commitments made at the time of their authorization, particularly with regard to the launch of funds.

In terms of staff, OPCC management companies employed a total of 34 staff members at the end of 2017, including 13 in charge of investments.

- **Business indicators**

At the end of 2017, total net assets managed by OPCC management companies reached MAD 502.71 million, versus MAD 494.63 million a year earlier, recording a slight growth of 1.6%.

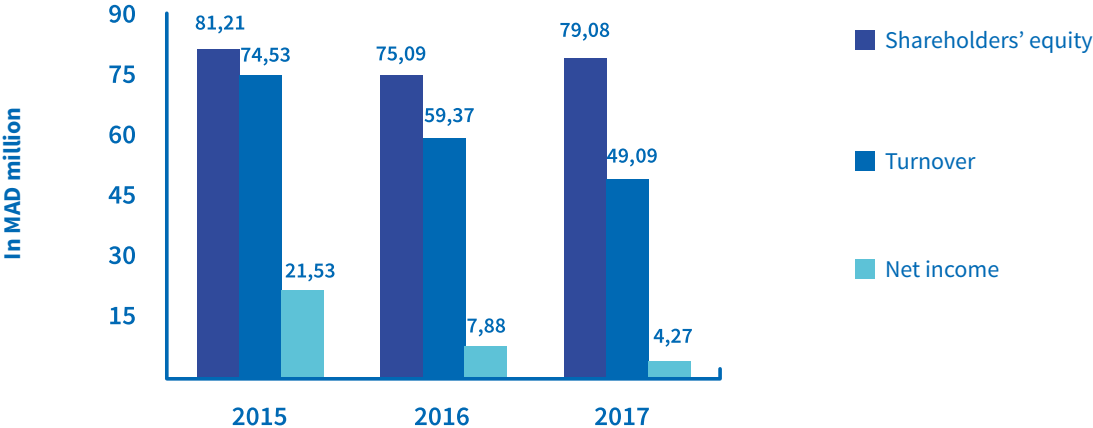
- **Financial indicators**

Consolidated turnover of OPCC management companies fell by 17.18% in 2017 to MAD 49.17 million, down from MAD 59.37 million in 2016.

The consolidated net income of OPCC management companies decreased by more than 45% in 2017, going from MAD 7.88 million in 2016 to MAD 4.27 million in 2017.

Equity committed by OPCC management companies exceeds MAD 79 million, up more than 5.3% compared to 2016.

Graph 28: Change in financial indicators of OPCC management companies



Source: Asset management companies, AMMC calculations



CHAPTER II

THE AMMC AND CAPITAL MARKET SUPERVISION

1. AUTHORIZATIONS AND APPROVALS

1.1 The authorization of participants

In 2017, the AMMC was requested to examine two applications for authorization to become management companies for venture capital investment vehicles (OPCC). Following AMMC's decision, VENUS CAPITAL was authorized by the Ministry of Economy and Finance as a management company of OPCCs. The examination of the second request was closed following the expiry of the statutory time limit required for any request for documents or additional information.

Furthermore, the AMMC has been approached by various players in the capital market who wish to create UCI management companies. In order to answer their questions about the regulations governing UCI management companies, the AMMC devoted several working sessions to them, during which projects for the creation of asset management companies were also presented to the Authority.

With regard to brokerage firms, the AMMC has granted an authorization to transfer the registered office of Valoris Securities.

1.2 The authorization of financial transactions

1.2.1 Equity securities transactions

In 2017, the AMMC authorized four equity securities transactions through public offerings. The transactions handled are shown in the following table:

Table 16: Equity securities transactions authorized in 2017

Transaction type	Issuer	Authorization date	Transaction description	Amount in MAD
Capital increase	MANAGEM	13/06/2017	Capital increase reserved for shareholders and holders of preferential subscription rights	973 319 921
	LABEL VIE SA	11/08/2017	Capital increase reserved for shareholders and holders of preferential subscription rights	396 474 750
	AUTO HALL	06/12/2017	Capital increase by conversion of extraordinary dividends	123 114 912
Tender offer	AXA Crédit	07/07/2017	Public squeeze-out	67 710 820

Source: AMMC

Indeed, three listed issuers turned to the financial market to raise equity during 2017:

- Managem approached its shareholders to raise MAD 973 million through a cash capital increase and by offsetting debt;

- Label vie carried out a MAD 396 million cash capital increase;
- Autohall proposed to its shareholders, for the third time, a capital increase by optional conversion of extraordinary dividends of approximately MAD 123 million.

Finally, the AMMC authorized Axa Crédit's public public squeeze-out for MAD 68 million. This authorization follows Axa Crédit's decision to delist its shares from the Casablanca Stock Exchange.

1.2.2 Bond issues

In 2017, the AMMC authorized 13 bond issues by public offering.

Table 17: Authorized bond issues by public offering

Issuer	Authorization date	Description	Total in MAD millions
IMMOLOG	02/01/2017	Guaranteed bond issue, divided into two unlisted tranches with a fixed-rate, adjustable 5-year maturity. The subscription was reserved for qualified investors and holders of bonds issued in 2012.	350
CIMENTS DE L'ATLAS	19/01/2017	Issuance of ordinary bonds as part of the partial restructuring of its outstanding private debt, divided into two unlisted tranches with a fixed-rate, adjustable 7-year maturity.	2 000
ATTIJARIWABA BANK	09/06/2017	Subordinated bond issue, divided into four 7-year maturity tranches (listed and unlisted, at fixed and adjustable rates).	1 500
BMCE BANK OF AFRICA	09/06/2017	Perpetual subordinated bond issue with loss absorption and coupon cancellation mechanisms, structured in 2 unlisted tranches with a 10-year maturity and adjustable rates.	1 000
BANQUE CENTRALE POPULAIRE	14/06/2017	Subordinated bond loan divided into four unlisted tranches with 7 and 10-year maturities, at fixed and adjustable rates.	2 000
WAFASALAF	15/09/2017	Bond issue divided into two unlisted tranches with a 10-year maturity, at a fixed and adjustable rate.	250
CRÉDIT AGRICOLE DU MAROC	20/09/2017	Subordinated bond issue divided into two unlisted tranches with a 7-year maturity, at a fixed and adjustable rate.	1 000
AGENCE NATIONALE DES PORTS	12/10/2017	Subordinated bond loan divided into 8 listed and unlisted tranches with maturities of 7 and 10 years, at fixed and adjustable rates.	500
JAIDA	31/10/2017	Bond issue divided into three unlisted tranches with maturities of 3 and 5 years, at fixed rates	300
FEC	09/11/2017	Bond issue made up of 4 unlisted tranches with maturities of 10 and 15 years, at a fixed and adjustable rate.	2 000
BMCE BANK OF AFRICA	21/11/2017	Subordinated bond organized in 2 unlisted tranches with a 10-year maturity, at a fixed and adjustable rate.	400
ATTIJARIWABA BANK	07/12/2017	Subordinated bond issue, divided into four listed and unlisted tranches with a 7-year maturity, at fixed and adjustable rates.	1 250
BANQUE CENTRALE POPULAIRE	14/12/2017	Subordinated, unlisted bond with a 7-year maturity, at an adjustable rate.	2 000

Source: AMMC

In addition, 8 bond issues by private placement were authorized by the AMMC, which is twice the number of transactions authorized in 2016. Among these issues, that of BCP stood out as a first on the Moroccan market with the issue of green bonds denominated in euros for an amount of 135 million euros.

The volume of bond issues by public offering increased by +7% during 2017. Most of the issues were «traditional», except the Immolog issue, which is secured by a first mortgage, and the issuance by BMCE Bank of Africa of perpetual subordinated bonds in June 2017 with loss absorption and coupon cancellation mechanisms (June 2017 issue).

1.2.3 Other granted authorizations

- **Commercial paper issuance programs**

In 2017, the AMMC granted ten authorizations relating to commercial paper issuance programs. Nine authorizations were for updates of information files, and one was for the implementation of a new program by Managem.

Table 18: Commercial paper issuance programs

Issuer	Authorization Date	Program ceiling in MAD millions
LABEL'VIE SA	02/01/2017	800
VALYANS CONSULTING	10/02/2017	100
JET CONTRACTORS	24/07/2017	200
OULMÈS	14/09/2017	300
RÉSIDENCES DAR SAADA	17/11/2017	500
LABEL'VIE SA	28/11/2017	800
MANAGEM	14/12/2017	1 000
MAGHREB OXYGENE	25/12/2017	200
AFRIQUIA GAZ	26/12/2017	1 200
DOUJA PROMOTION GROUPE ADDOHA	29/12/2017	1 000

Source: AMMC

In addition, the AMMC examined the information files relating to the following issuance programs of certificates of deposit or finance company bills:

Table 19: Certificates of deposit issuance programs

Instrument type	Issuer	Program ceiling in MAD millions
Certificates of deposit	ATTIJARIWABA BANK	20 000
	BANQUE CENTRALE POPULAIRE *	12 000
	BMCE BANK OF AFRICA	15 000
	BMCI	12 000
	CDG CAPITAL	1 500
	CFG BANK	800
	CIH BANK	7 000
	CRÉDIT AGRICOLE DU MAROC	8 000
	CRÉDIT DU MAROC	9 000
	FONDS D'EQUIPEMENT COMMUNAL (FEC)	7 000
	SOCIÉTÉ GÉNÉRALE MAROCAINE DE BANQUE (SGMB)	13 000
Finance company bills	EQDOM	5 100
	MAGHREBAIL	5 300
	RCI FINANCE*	1 000
	SALAFIN*	1 545
	SOFAC	2 500
	SOGELEASE	3 000
	TASLIF	650
	WAFABAIL	5 000
	WAFASALAF	5 500

(*) Information files updated twice during 2017

Source: AMMC

- **Share repurchase programs**

In 2017, the AMMC approved five share repurchase programs, as follows:

Table 20: Share repurchase programs

Issuer	Authorization date	Description	Maximum amount to be committed in dirhams
SALAFIN	03/02/2017	Program for 5% of the capital, with an intervention range of MAD 700-1000, with a liquidity contract for 1% of the capital. The program runs from March 1, 2017 to August 31, 2018.	119 724 000
ITISSALAT AL-MAGHRIB	07/04/2017	Program for 0.17% of the capital, with an intervention range of MAD 92-191, with a liquidity contract for 20% of the program. The program runs from May 9, 2017 to November 8, 2018	286 500 000
STOKVIS NORD AFRIQUE	28/04/2017	Program for 5% of the capital, with an intervention range of MAD 20-35, with a liquidity contract for 20% of the program. The program runs from May 25, 2017 to November 23, 2018.	16 091 530
BANQUE CENTRALE POPULAIRE	12/06/2017	Program for 5% of the capital, with an intervention range of MAD 189-351, with a liquidity contract for 20% of the program. The program runs from July 4, 2017 to January 3, 2019.	3 198 569 283
SNEP	14/06/2017	Program for 7.5% of the capital, with an intervention range of MAD 250-500. The program runs from July 7, 2017 to January 6, 2019.	90 000 000

Source: AMMC

The increase in the number of repurchase programs authorized (5 in 2017 versus 4 in 2016) led to an increase in their volume of +27%, under the effect of the repurchase program of the Banque Centrale Populaire which relates to a maximum amount of nearly 3.1 billion dirhams. Furthermore, the SNEP program is complemented by a liquidity contract.

- **Public offerings carried out in Morocco**

During the 2017 fiscal year, the AMMC authorized nine public offerings in Morocco. These are exclusively offerings made by foreign groups for the benefit of their employees worldwide, including those of their Moroccan subsidiaries.

Table 21: Transactions of public offerings in Morocco

Issuer	Authorization date	Security type	Subsidiaries benefiting from the transaction in Morocco	Total amount of the offering in Morocco in MAD
TOTAL FRANCE	01/02/2017 17/03/2017	Shares of FCPE	Total Maroc, Ouargaz and Gazber	9 524 047
SOPRA STERIA	10/03/2017 03/04/2017	Shares of FCPE (Company mutual fund)	Sopra Banking Software Morocco AND Sopra HR Software	4 870 672
AIRBUS GROUP N.V	14/03/2017	Capital securities	Stelia Aerospace Maroc SA, Aerolia, Construction aéronautique du Maroc, EADS Defence and Security Morocco	4 528 080
VINCI (FRANCE)	09/05/2017 02/06/2017	Shares of FCPE (Company mutual fund)	Freyssima Maroc, Cegelec SA Maroc, Dumez Maroc, Sogea Maroc, Checom SA, SOLSIF Maroc SA	16 887 944
DÉCATHLON INTERNATIONAL SHAREHOLDING PLAN	21/06/2017	Shares of FCPE (Company mutual fund)	Decapro Maroc, Decathlon Maroc, Proxyline, Decathlon Regional Support	3 683 481
SANOFI	30/06/2017	Shares of FCPE (Company mutual fund)	SANOFI-AVENTIS Maroc	4 749 403
AXA (FRANCE)	30/08/2017 13/10/2017	Shares of FCPE (Company mutual fund)	Axa Assurance Maroc, Axa Assistance Maroc, Axa Assistance Maroc Services, Axa Crédit, Institut de formation et de développement professionnel AXA, Carré Assurance Maroc and Société de Gestion et de Surveillance (SGS), Branches: Axa Technologie Services, Axa France IARD, Axa France Vie and Avanssur	43 479 032
SUEZ ENVIRONNEMENT COMPANY	27/09/2017 10/11/2017	Shares of FCPE (Company mutual fund)	Conseil Eau environnement et energie, Lydec, Metalimpex Maroc, Sita Blanca, Sita El Beida, Sita Atlas, Sita Maroc, Sita Maroc Recycling, Sita Boughaz, Société des Eaux de l'Oum Er Rbia	62 866 704
CAPGEMINI	29/09/2017 16/11/2017	Shares of FCPE (Company mutual fund)	Capgemini technology services Maroc SA	20 395 360

Source: AMMC

1.3 The authorization of Collective Investment schemes

1.3.1 UCITS

During 2017, the AMMC granted UCITS management companies 45 authorizations, including 15 authorizations and 30 approvals of prospectuses.

UCITS licenses are divided between 8 renewals of licenses and 7 new UCITS launches.

Of the 30 prospectuses approved by the AMMC, 7 concern the marketing of newly created funds.

Table 22: Summary of UCITS authorizations in 2017

UCITS	Licenses			Approvals of prospectuses		
	Launch	Renewal	Total	Launch	Update	Total
Equity	1	0	1	1	2	3
Diversified	3	2	5	3	3	6
Money market	1	0	1	1	6	7
ST Bonds	1	3	4	1	6	7
Medium-long term Bonds	1	3	4	1	6	7
Contractual	0	0	0	0	0	0
Total	7	8	15	7	23	30

Source: AMMC

Applications for authorizations processed during 2017 mainly concerned the modification of the technical characteristics of marketed funds:

- Change in marketing policy (investor category, classification, marketing network);
- Change in the technical or legal characteristics of the funds (Profits distribution Policy, benchmarks, fees and charges).

New Funds approvals declined compared to 2016 compared to 2016 (7 in 2017 compared to 17 in 2016). Among the newly created funds, three are diversified funds that aim to optimize the risk/return profile through equities and debt securities investments.

It should be underlined that in 2017, the AMMC ensured that asset management are aware of the obligation to provide, in UCITS' prospectuses, complete and comprehensive information on the operation of the funds and in particular their investment strategy. This action has enriched the investment universe of funds authorized in 2017, which now lists all the financial instruments that the UCITS plans to hold.

The changes in AMMC approvals and authorizations over the past five years are as follows:

Table 23: Changes in approvals

Category	Type of authorization	2013	2014	2015	2016	2017
Equity	Total	11	15	4	8	1
	Launch	1	3	1	0	1
	Authorization renewal	10	12	3	8	0
Contractual	Total	0	4	0	0	0
	Launch	0	3	0	0	0
	Authorization renewal	0	1	0	0	0
Diversified	Total	5	8	10	10	5
	Launch	0	4	1	7	3
	Authorization renewal	5	4	9	3	2
Money market	Total	9	9	9	4	1
	Launch	2	3	3	2	1
	Authorization renewal	7	6	6	2	0
Short-term bonds	Total	4	13	7	7	4
	Launch	3	4	2	5	1
	Authorization renewal	1	9	5	2	3
Medium and long-term bonds	Total	17	19	21	9	4
	Launch	4	8	7	3	1
	Authorization renewal	13	11	14	6	3
General total		46	68	51	38	15

Source: AMMC

Table 24: Changes in approvals of prospectuses

Category	Type of approval	2013	2014	2015	2016	2017
Equity	Total	8	23	12	14	3
	Launch	1	2	3	0	1
	Update	7	21	9	14	2
Contractual	Total	2	0	0	1	0
	Launch	0	0	0	0	0
	Update	2	0	0	1	0
Diversified	Total	7	14	10	22	6
	Launch	0	1	3	7	3
	Update	7	13	7	15	3
Money market	Total	7	12	13	10	7
	Launch	3	3	3	3	1
	Update	4	9	10	7	6
Short-term bonds	Total	5	4	15	10	7
	Launch	4	2	3	5	1
	Update	1	2	12	5	6
Medium and long-term bonds	Total	40	29	33	17	7
	Launch	5	5	7	3	1
	Update	35	24	26	14	6
General total		69	82	83	74	30

Source: AMMC

1.3.2 Securitization vehicles (FPCT)

During 2017, the AMMC authorized the launch of three new FPCTs for the securitization of three different types of assets: trade receivables, real estate assets and mortgages. It also authorized the creation of the second compartment of FT Energy, the first compartment of which was approved in 2016.

The authorized transactions are the following:

- **FT CONSOVERT** : Securitization fund for consumer loans granted by Crédit Agricole du Maroc to government officials. This fund, managed by Maghreb Titrisation, was privately placed with qualified investors.
- **FT OLYMPE** : Fund managed by asset management company BMCE Capital Titrisation, with a view to securitizing real estate assets held by Résidences Dar Saada S.A and its subsidiaries, Résidences Dar Saada IV S.A.R.L and Résidences Dar Saada V S.A.R.L. Subscription to the bonds of the said fund is reserved for qualified investors.
- **FT MIFTAH** : The fund, with a “MIFTAH Fonctionnaires” compartment and managed by Attijari Titrisation, is involved in the securitization of mortgage loans granted to government officials and held by Attijariwafa Bank. Subscription to the bonds of the said fund was reserved for qualified investors.
- **FT Energy Compartment II** : Fund consisting of the securitization of trade receivables held by ONEE related to the electricity supply business, through the issuance of Bonds and Residual Shares. The issuance of approximately MAD 1.5 billion by public offering was reserved for qualified investors.

1.3.3 Venture Capital Investment Vehicles (OPCC)

In 2017, the AMMC granted approval to the venture capital investment vehicle, GREEN INNOV INVEST (GNII). The said fund is part of the «Innov Invest Fund», a scheme dedicated to seed financing and providing financing to innovative start-ups, set up by the Moroccan government with the support of the World Bank and managed by the Caisse Centrale de Garantie, the Central Guarantee Fund.

The GNII fund will invest in innovative start-ups operating in green sectors and sustainable development. The maximum amount of the Overall Commitment is MAD 500 million. Subscription to the units of the said fund is reserved for qualified investors and legal entities that meet the criteria relating to business and financial capacity as set out in the fund’s prospectus.

1.4 Requests for the Casablanca Finance City (CFC) status

In 2017, the AMMC, as a member of the CFC Commission, examined 26 cases relating to eligibility for CFC status and two requests for withdrawal.

2. CONTROL OF FINANCIAL INFORMATION

2.1 Periodic information

The periodic information requirements for issuers consist of accounting and financial information published on a semi-annual and annual basis, providing investors with information on the realized performance. This information is regularly monitored by the AMMC, in particular on:

- compliance with deadlines and publication media;
- the comprehensiveness of the content required by the regulations;
- the clarity, consistency and relevance of the published information.

Table 25: Result of the monitoring of financial publications

	2016	2017*
Non-compliance with financial publication deadlines	1	1
Non-compliance on the comprehensiveness of the published statements	3	0

(*) Results for the first half of 2017

Source: AMMC

During 2017, issuers published financial statements for the second half of the year and 2016, as well as for the first half of 2017.

The monitoring of compliance with the deadlines for the publication of the financial statements published in 2017 indicated the following:

- An overrun of 20 days by an issuer for the publication of the 2016 annual statements. This concerned Alliances Darna.
- A 3-day delay in the publication of the financial statements for the first half of 2017 by Ciments du Maroc.

In addition, in terms of comprehensiveness, a breach was recorded by 3 issuers concerning the publication of the 2016 annual financial statements, including a limited review certificate instead of the summary of the final report of the statutory auditors. The said issuers are the following: Crédit Agricole du Maroc, DLM and Stroc Industrie.

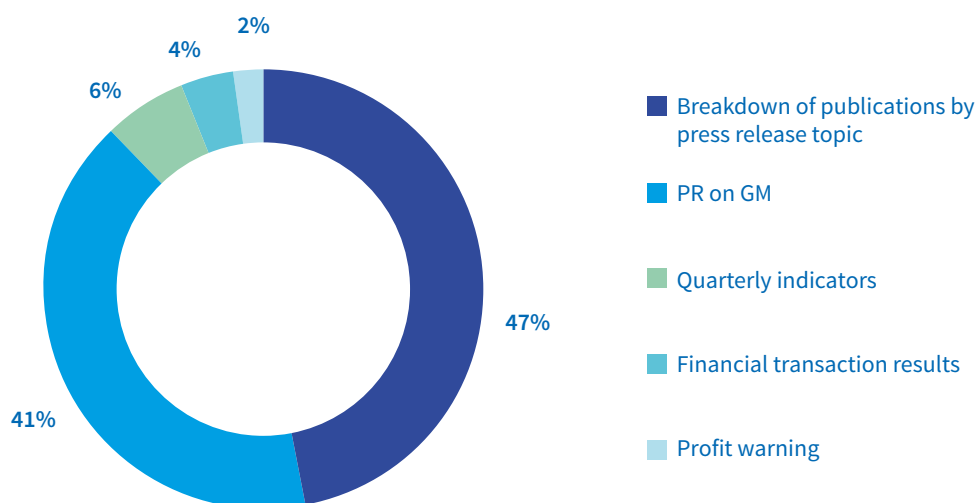
Following the AMMC's request, the said companies have remedied their situation.

2.2 Important information

Legal entities that carry out public offerings are subject to an obligation to disclose any event occurring within their organization, their commercial, technical or financial situation, that may have a significant influence on the stock market prices of their securities or an impact on the assets of security holders, as soon as they become aware of it.

2.2.1 Nature of the publications

Graph 29: Breakdown of press releases published in 2017



Source: AMMC

During 2017, 410 press releases were released by issuers, 41% of which concerned general meetings and 49% informed of an important event, 2% of which were disseminated to warn the public about the foreseeable decline in achievements.

2.2.2 Suspension requests during 2017

Under some circumstances and to ensure equal access to information, the AMMC intervenes to ask the Casablanca Stock Exchange to temporarily suspend the listing of certain securities, pending the publication of important information.

Thus, four securities were suspended during 2017, two of them following the filing of a proposed takeover bid; the other two were prompted by the publication of important information.

2.3 Threshold crossing disclosures

Threshold crossing disclosures are a disclosure requirement for shareholders who have crossed, either upwards or downwards, ownership thresholds in the capital of listed companies. These thresholds of 5%, 10%, 20%, 33.33%, 50% and 66.66% are set by Articles 68 ter and 68 quater of the Dahir providing Law n°1-93-211 as amended and supplemented. Threshold crossing disclosures are controlled and handled by the AMMC, which makes them public via its website, in order to inform about changes in the shareholding structure of listed companies.

Table 26: Breakdown of disclosures by investor category

Investor category	2016	2017
Threshold crossing disclosure (upwards)	11	7
Legal entities established under foreign law	2	3
Moroccan institutional investors	3	0
Legal entities established under Moroccan law	6	3
Natural persons	0	1
Threshold crossing disclosure (downwards)	9	8
Legal entities established under foreign law	4	1
Moroccan institutional investors	1	2
Legal entities established under Moroccan law	3	2
Natural persons	1	3
Total Threshold crossing disclosures	20	15

Source: AMMC

2.4 Repurchase programs of listed companies

Listed companies with an ongoing repurchase program are required to submit a monthly declaration to the AMMC, informing it of transfers and acquisitions made directly or through their subsidiaries during the previous month.

For 2017, an analysis of the ongoing repurchase programs revealed the following observations:

- 4 companies did not carry out any transactions. These companies are Addoha, Atlanta, Salafin and SNEP.
- 3 companies, namely BCP, Maroc Telecom and Label vie, carry out transactions both under the repurchase program and under the liquidity contract backed by it.

2.5 Ethics of listed companies

The number of listed companies that have missed the deadline for submitting the ethics report has decreased from 10 in the first half of 2017 to 6 in the second half of 2017.

This decrease is mainly due to better control by listed companies of the new method of sending reports to the AMMC via the SESAM electronic exchange platform.

As for the comprehensiveness of the reports, the checks carried out revealed that, with the exception of some minor anomalies, only one report was incomplete for the first half of 2017.

All anomalies were remedied at the request of the AMMC.

Table 27: Results of the control of listed companies' ethics reports

	S1 2017	S2 2017
Listed companies subject to controls	75	74
No sending	0	0
Non-compliance with the sending deadline	10	6
Non-compliance regarding the report's comprehensiveness	1	0

Source: AMMC

2.6 Reporting on corporate social responsibility

In the framework of its commitments to sustainable finance and in order to prepare issuers to fulfill their future obligations in terms of ESG reporting, in May 2017, the AMMC and the Casablanca Stock Exchange jointly published an educational guide on corporate social responsibility (CSR) and Environmental, Social and Governance (ESG) reporting.

This educational guide was the subject of a public consultation followed by an event bringing together all market operators during which the AMMC answered various questions on the topic.

Through this guide, the AMMC encourages issuers to adopt a CSR approach, highlighting its multiple benefits (particularly in terms of risk management, accessibility to markets, competitive advantage and reputation), and describes the principles that should govern ESG reports and carefully identifies the general and specific information that should be included.

BOX NO.3

THE AMMC UPDATES THE REGULATORY FRAMEWORK GOVERNING PUBLIC OFFERINGS

During the 2017 financial year, in preparation of the adoption of law no. 44-12 (relating to public offerings and disclosure requirements of legal entities and publicly traded companies) as well as some other legal provisions namely provided for in law 43-12 (relating to the Moroccan Capital Market Authority) and law 17-95 (relating to limited companies), the AMMC has initiated the amendment of book III of its circular.

This amendment, inspired by international best practices, focuses on the two following elements:

1. The integration of the rules introduced by the aforementioned texts such as:

- The content and modalities relating to annual and semi-annual financial reports, as well as quarterly indicators to be released by issuers;
- The rules governing the governance of issuers, particularly director independence criteria for listed companies;
- The modalities relating to the registration of financial intermediaries;
- Regulation of relations with auditors.

2. Adjustments to existing rules in light of market evolutions, practices observed and market needs

The amendment of book III of the AMMC circular also seeks to improve transparency from issuers while optimizing costs and lead time associated with their disclosure requirements. As such, several new features were introduced, the main ones being:

- The possibility of establishing a reference document that may serve several purposes: serve as an annual or semi-annual financial report, or be part of a prospectus if it is supplemented by an issue note, thus reducing the processing time prior to carrying out a financial transaction;
- Improving the relevance of information required in disclosure documents to be produced for financial transactions. The templates have been revised and requirements in terms of information to be produced are substantially looser (capital increases through the conversion of dividends, reserved capital increases inducing a weak dilution and transactions reserved for qualified investors who commit to hold the securities for a certain period of time);
- Expanding the content of periodic information in order to provide investors with more thorough information, particularly with regard to extra-financial aspects (ESG) ;
- Introducing the website as the main medium for the disclosure of information, more suited for larger publications and also allowing for a faster and wider dissemination of regulated information.

3. CONTROL OF PARTICIPANTS AND MARKET INFRASTRUCTURES

The AMMC supervises the activities, organization and resources of participants and market undertakings to ensure that they operate under secure conditions in compliance with the legal and regulatory provisions that govern them.

This supervision is carried out in two complementary forms: on-site inspections at the participants' premises, and documentary controls through the analysis of financial statements submitted to the AMMC which determines the content and frequency.

In the framework of the control and analysis of the reports submitted by stakeholders, the AMMC attaches a particular importance to the monitoring of incidents declared by said participants. The Authority also closely monitors all of these incidents in order to determine the degree of criticality, their frequency, impact and to follow up on the action plan adopted by the stakeholder to address them.

Table 28: Stakeholder inspection missions

Inspection missions	Brokerage firms		Account holders		Asset management companies		Central depository		Casablanca Stock Exchange	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
General Missions	1	1			1					
Post-inspection Missions			1		4					
Thematic Missions	1	1		5				1	1	
Periodic Missions	2	2			3	3				
Total	4	4	1	5	8	3		1	1	

Source: AMMC

3.1 The control of stock brokerage companies

After the thematic inspection mission carried out at the Casablanca Stock Exchange in 2016 in the wake of the migration towards the new electronic trading platform, the control of the stock exchange in 2017 mainly focused on the remote supervision of all operational aspects and audit missions.

3.1.1 Monitoring of incidents

In 2017, the Casablanca Stock Exchange has recorded 10 incidents with a low criticality factor against 17 in 2016. Also, most of the declared incidents are associated with telecommunications issues and system configuration anomalies.

These incidents had a controlled impact on the Casablanca Stock Exchange, brokerage firms and other market participants. Furthermore, they resulted in the implementation of immediate corrective actions and were unanimously resolved. In this framework, the implementation of preventive actions was also adopted to avoid any recurrence.

3.1.2 Internal Audit Missions

The Casablanca Stock Exchange governance bodies introduced an annual audit plan covering several fields of activity. As such, 6 internal audit missions were carried out in 2017 in order to assess and formulate recommendations regarding the efficiency and relevance of certain operational processes, namely human resources management, financial resources management, the promotion of capital markets, the management of trading sessions and oversight of transactions.

3.2 The control of the Central Depository

3.2.1 Inspection Mission

In 2017, the AMMC carried out a thematic inspection mission at Maroclear, whose main purpose was to assess the calculation and accounting system for total assets held by Maroclear.

The mission emphasized certain risk areas with minor to moderate levels of risk, associated with transactions processing, the laying down of certain management rules relating to the accounting of UCITS and the surveillance of budgetary positions, mainly in terms of:

- The updating of UCITS issuance accounts and the corresponding calculation of total assets in custody;
- The setting of deadlines and accounting rules for the accounting of creations and destructions of UCITS shares observed during a given quarter;
- Controls relating to the account-keeping of securities by UCITS custodians.

Furthermore, with regard to the detected risks, the following recommendations were formulated by the AMMC:

- To complete further reconciliations that are necessary to ensure that the amounts corresponding to the total assets held by Maroclear match those reported by the UCITS custodians;
- To implement an integrated solution allowing for the processing of updates of issuance accounts and the accounting of subscriptions/redemptions;
- To conduct an internal audit mission focusing on the calculation process of the amount corresponding to the total assets held by Maroclear;
- To improve the lead time and frequency for the update of UCITS issuance accounts;
- To tighten controls carried out among UCITS custodians with regard to maintaining sound accounting balances of UCITS.

3.2.2 Documentary control and risk monitoring

In 2017, Maroclear has recorded 21 technical incidents with a low criticality factor against 53 in 2016. These incidents mainly concerned connectivity and data transfer issues, related to the management of certain transactions carried out by affiliates.

The reported incidents had a minimal impact on the activities of the various participants. They were handled swiftly by the central depository and underwent an assessment that resulted in the implementation of corrective and preventive actions.

Furthermore, in 2017, Maroclear has continued to carry out development projects, making it possible to provide new activities and new services to the market and to improve the traceability and granularity of the data transmitted to the market.

Moreover, 4 internal audit missions were conducted by Maroclear in 2017, in order to assess the efficiency and relevance of certain operational processes. These missions mainly focused on cash management and investments made by the central depository, general resources, production and information security management.

3.3 The control of brokerage firms and account holders

3.3.1 Inspection Missions

In 2017, the AMMC conducted 9 control missions among market participants with two (2) periodic missions in the framework of authorization requests for the relocation of premises, six (6) thematic inspection missions and (1) general inspection mission.

- **Thematic missions**

The thematic inspection missions conducted among account holders focused on securities lending operations, discretionary management, UCITS custodians and the management of foreign client accounts. These missions were carried out with Attijariwafa bank, BCP, BMCE, CFG Bank, and Médiafinance. Furthermore, a thematic mission was carried out with all brokerage companies for the adoption of a single coding system for client orders.

- **General Mission**

A general inspection mission was carried out with CDG Capital Bourse and mainly focused on the modalities for the processing of stock market orders, the organization of the brokerage company and customer relations.

3.3.2 Documentary-based monitoring

In 2017, the AMMC received 99 incident reports from brokerage companies and banks regarding their securities account keeping activities.

Table 29: Number and typology of incidents reported to the AMMC in 2017

	Activity-related Incidents	Technical Incidents	Other incidents
Brokerage firms	21	42	14
Banks	18	4	0

Source: AMMC

Table 30: Typology of incidents reported by brokerage companies

	Activity-related Incidents		Technical Incidents	
	Brokerage firms	Prudential regulations	9	Listing/trading platform
Order Executions		5	Telecommunication links	12
Settlement of transactions		4	Telephone recorders	6
Buy-out activity		1	System bugs	8
Accounting of transactions		1	Synchronization between systems	3
Constitution of the net long position		1		

Source: AMMC

Table 31: Typology of incidents reported by banks

	Activity-related Incidents		Technical Incidents	
	Banks	Order Executions	1	Maroclear Platform
Securities transactions		6	Telecommunication links	3
Settlement of transactions		10		
Triangular transactions		1		

Source: AMMC

It should be noted that a majority of the reported incidents have a low to moderate criticality factor and particularly relate to technical issues such as outages or bugs that caused a momentary shutdown of the activity, certain breakdowns in the telephone recorders of certain brokerage firms and issues relating to the settlement of transactions.

Reported incidents that have been closely monitored by the AMMC particularly relate to:

- Violations of prudential rules carried out by Valoris Securities, MENA CP and MSIN;
- Technical incidents for false positions of certain accounts with the ICF Al Wassit brokerage company;
- A few incidents on the MIT platform reported by brokerage companies that concerned the transmission of limit orders.

3.4 The control of UCITS management companies

3.4.1 Documentary audit of asset management companies

Documentary audit and monitoring of asset management companies consists of a set of structured and standardized controls of documents transmitted by the asset management companies. The purpose of these controls is to ensure compliance with the various current legal and regulatory provisions and, in particular, with the rules of professional ethics and practice.

Documentary audit and monitoring of asset management companies consists of a set of structured and standardized controls of documents transmitted by the asset management companies. The purpose of these controls is to ensure compliance with the various current legal and regulatory

provisions and, in particular, with the rules of professional ethics and practice. Since the implementation of the SESAM platform (Exchange and Supervisory System of the Market Authority), the documentary audit of UCITS management companies is carried out through the structured and harmonized control of the compliance of the reports submitted in accordance with the current regulations, the analysis of the said reports and the use of the data and information received and processed for the evaluation of the risks incurred by the asset management companies.

In addition to assessing and monitoring the risks incurred by asset management companies, documentary audits also take the form of:

- Control of obligations to provide information and analysis of asset management companies' reports;
- Monitoring of organizational changes within asset management companies and control of the adequacy of organizational resources with regard to the activities carried out;
- The assessment of the financial, human, technical and organizational resources of asset management companies as part of the fund authorization process;
- Control and validation of advertising communications by asset management companies or the products they intend to market (29 advertising communications and press releases validated in 2017);
- Raising awareness and providing guidance to asset management companies and internal auditors on understanding and interpreting the laws and regulations governing their activities.

3.4.2 On-site controls of asset management companies

During 2017, the AMMC carried out inspections at three asset management companies. Two inspections were carried out at fund management companies BMCE CAPITAL GESTION and VALORIS MANAGEMENT, and one at asset management company OPCC GLOBAL NEXUS. 2017 was marked by the completion of five previously initiated general inspections.

Finally, the AMMC completed four post-inspection missions carried out in December 2016 at BMCI ASSET MANAGEMENT, WAFA GESTION, VALORIS MANAGEMENT and CDG CAPITAL GESTION. These missions revealed that these asset management companies had, for the most part, delivered on the commitments they had made to implement the agreed actions following the inspections to address the anomalies and shortcomings identified by the AMMC.

Table 32: Typology of anomalies identified in 2017 during the inspections of the asset management companies

Business areas	Identified anomalies and shortcomings as a %
Resources (organizational, human, technical, IT and financial.)	45%
Front Office process for transaction processing (FO procedures, adherence to the investment policy, prudential ratios, sensitivity, etc.)	18%
Client relationship management (procedures, sales policy, information provided to subscribers, etc.)	N.S.
External relations management (relations with the AMMC, relations with external providers, etc.)	18%
Control mechanism (internal and ethical controls, 1st level control, etc.)	18%

Source: AMMC

3.4.3 Controls of collective investment undertakings

● The control of UCITS

At the end of a period of three months from their inception and after the AMMC has approved their information memorandum (thus enabling them to be marketed), UCITS are required to comply at all times with all the legal and regulatory provisions to which they are subject.

These legal and regulatory provisions mainly concern compliance by UCITS with:

- prudential rules relating to their asset mix (the latter define the proportions of securities, repurchase agreements, securities lending and liquidity transactions making up their portfolio, as well as the maximum level of debt they are authorized to incur. They aim to identify and control the main risks to which UCITS are exposed: market risk, counterparty risk, liquidity risk and leverage risk;
- their classification and investment strategy as specified in their prospectus;
- the exclusive interest of their unitholders or shareholders in all the transactions they undertake;
- their investor disclosure obligations.

Continuous and ongoing monitoring of all active UCITS is ensured by the AMMC via, on the one hand, the documents that UCITS asset management companies are required to provide and, on the other hand, the information collected during inspections.

● The control of securitization vehicles (FPCT)

The control of securitization vehicles by the AMMC consists in ensuring that they comply with all the legal and regulatory provisions to which they are subject, in particular compliance with:

- their financial structure;
- the rules for investing their cash;
- the debt ratio limit.

Furthermore, institutions managing securitization vehicles are required to submit to the AMMC an annual report relating to each securitization vehicle they manage as well as inventories of the assets held by these funds.

● The control of venture capital investment vehicles (OPCC)

The control to which the AMMC subjects the venture capital investment vehicles consists mainly in making sure that they follow:

- the prudential rules applicable to them (in particular the limit on the borrowing ratio);
- their asset mix rules. Indeed, the venture capital investment vehicles are required to meet a “minimum allocation” provided by the regulations and requiring them to invest at least 50% of their portfolio in assets representing claims, rights and securities giving direct or indirect access to the capital of companies under Moroccan law whose securities are not listed on the stock exchange;
- the investment strategy set out in their prospectus.

4. MARKET DISCIPLINE

4.1 Monitoring stock market transactions

The objective of market surveillance is to detect any event or behavior that may constitute a market offence or any other failure to comply with the regulations applicable to market participants.

To this end, surveillance ensures real-time monitoring of stock market data and participants. This online monitoring is supplemented by data collected from various market players and cross-referenced with information disseminated by issuers or on listed companies (financial publications, press articles, social networks, etc.). This surveillance system is based on a surveillance solution, “Millenium Surveillance”, which meets international standards, as well as on database management tools.

Thus, in 2017, the AMMC continued the work begun a year earlier to develop surveillance tools by enhancing the information collected or modelling new alerts relating to manipulative market behavior.

Table 33: Supervisory scope

	2016	2017
Securities under supervision*	126	122
- Listed stocks	75	74
- Listed bonds	51	48
Number of orders placed**	549 131	713 723
- Daily average	2 197	2 855
Number of recorded transactions***	187 474	289 381
- Daily average	749	1 157

Source: Casablanca Stock Exchange

* As at 31/12

** On the central equity market

*** Central and block market

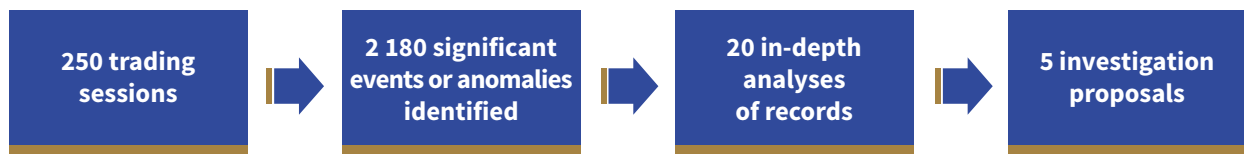
The results for 2017 show that the system generated 2,180 alerts, 20 of which were used for more in-depth analysis.

Table 34: Nature of suspicions analyzed

NATURE OF THE SUSPICION ANALYZED	NUMBER
Price manipulation	16
Insider trading	3
Dissemination of false or misleading information	1
TOTAL	20

Source: AMMC

Following an in-depth analysis of the significant events detected, five suspicious behaviors led to a proposal to open an investigation.



Furthermore, the AMMC has carried out awareness-raising actions vis-à-vis operational staff and market participants.

4.2 The investigations

The investigations conducted by the AMMC are opened by the President of the Authority following the detection of anomalies on the stock market, after the receipt of a complaint or following a control of a participant or an issuer. In general, they are carried out following the suspicion of an infringement of the legislation in force.

Thus, in 2017, the AMMC opened four investigations into conduct likely to undermine proper market functioning. All of them concern behavior that can be regarded as market manipulation. As part of its investigations, the AMMC conducted six hearings.

In the framework of IOSCO cooperation agreements, the AMMC has also been asked by counterpart foreign authorities to assist them in the conduct of certain investigations. The assistance provided by the AMMC also took the form of the exchange of information on market players for the purpose of examining applications for approvals or authorizations.

In addition, at the national level, the AMMC handled 66 requisitions from the Kingdom's judicial authorities.

4.3 Complaints handling

During 2017, the AMMC received 3 complaints from individual investors, all related to account keeping activities. The complaints were handled within an average of 39 days.

The handling of these complaints was an opportunity for the AMMC to get the relevant custodians to make the necessary corrections and, in some cases, to make adjustments to their information systems. In all three cases, the dispute was resolved in favor of the investor.

Box N°4 CRYPTOCURRENCY AND ICOS (INITIAL COIN OFFERING)

Cryptocurrencies or virtual currencies have been the subject of heated debate recently, and there are doubts as to the nature of these assets. Although often presented as an alternative to legal tender currencies, they actually have very different characteristics since they are not supported by a central bank or any other public authority. It is not compulsory to accept them as a means of payment for debts or other obligations, their circulation remains very limited and their value fluctuates greatly. Furthermore, they are not yet regulated and therefore do not offer the guarantees provided by the regulations to investors.

At present, the number of existing cryptocurrencies stands at over 1,000, although it is difficult to estimate the size of this market. Some estimates show a market capitalization in excess of 450,000 million, 35% to 45% of which correspond to Bitcoin, the known cryptocurrency.

It is also worth highlighting the emergence of actions aimed at raising funds from investors through a new form of public offering backed by cryptocurrencies, called Initial Coin Offering (ICO). ICOs are a new way of financing companies and projects based on blockchain technology, which is used by most cryptocurrencies. This technology is supported by the decentralized ledger and attracts a great deal of attention because, according to experts, it has the potential to transform the functioning of financial markets and lead to the emergence of new economic models.

ICOs are token issues for the purpose of raising funds through public offerings. They are so called because of their similarities with traditional initial public offerings (“IPOs”). However, ICOs are transactions of a specific nature which differ from IPOs in particular as regards the nature of the rights acquired by investors, as the characteristics of tokens are not similar to those of equity securities. For those who invest in tokens issued during an ICO transaction, the return generally takes the form of a profit (income, increase in the value of the tokens if the project is successful) or a right of use (right on a service offered by the issuer, for example).

These recent trends raise new issues for which existing laws and regulations are not always adapted. Several regulators have issued press releases or warnings to the public about the risks of investing in cryptocurrencies or ICOs (capital loss, volatility, lack of liquidity, etc.).

In November 2017, following the dissemination in the national press of information announcing the acceptance, in Morocco, of BITCOIN as a payment method for the purchase of products and services by Internet exchange platforms, the AMMC, Bank Al-Maghrib and the Minister of Economy and Finance issued a joint press release warning the public about the use of this instrument as a means of payment. It highlighted the absence of a legal framework that protects consumers and the volatility risk of these virtual currencies, as well as the risk of non-compliance with capital market and foreign exchange laws.

IOSCO has highlighted the absence of a harmonized regulatory framework and does not yet issue any standards in this area. The regulators’ responses vary widely between the prohibition of ICOs, for example (China and South Korea), and more nuanced responses on a case-by-case basis. In Germany, for example, BaFin does not have a general position on ICOs but does consider cryptocurrencies as financial instruments under national law and they are hence regulated via providers of virtual currency investment services; in the United States, the SEC considered in an ICO case that the tokens issued were “financial assets” and that federal laws would apply; the Monetary Authority of Singapore regulates ICOs under existing law but does not regulate cryptocurrencies.

Sources: 2017 Annual Report - CNMV (Spain)
Public consultation paper on ICOs – AMF (France) 2017
IOSCO (International Organization of Securities Commissions) reports

5. ENFORCEMENT POWER

5.1 Organization of the AMMC's enforcement power

Since the adoption of its new status as an Authority, the AMMC has worked to rapidly operationalize its enforcement body, the Enforcement committee. However, the effective implementation of the committee remained conditional on the publication of the General Regulations of the AMMC, which included in particular the procedure and the schedule of sanctions, as well as the adoption of internal regulations structuring the functioning of the committee.

5.1.1 Adoption of the Internal Regulations of the Enforcement committee

With the entry into force of the General Regulations of the AMMC in May 2017 and the adoption of the Rules of Procedure of the Enforcement committee in December of the same year, this new body now has all the legal instruments necessary to fully exercise its tasks.

As a reminder, the Rules of Procedure aim to:

- set the operating rules governing relations between the members of the Enforcement committee, as well as between them and their secretariat;
- define the procedures for applying certain provisions of the sanction procedure, as laid down in the General Regulations of the AMMC.

In order to complete the system in place, a draft internal procedure for the referral and review of sanctions cases has been drawn up with a view to define the responsibilities and interactions between the various internal players involved in the sanctions process.

5.1.2 Presentation of the Enforcement committee to market professionals

On Wednesday November 8th, 2017, the AMMC organized a meeting with members of the Enforcement committee and capital markets professionals, with the aim of presenting to them the missions and powers of the new enforcement body as well as the distinctive features of the new sanctions procedure. The meeting was also attended by the Chairman of the Enforcement committee of the French Authority (AMF), who shared the French Authority's experience in this area.

5.2 Exercising of the AMMC's enforcement power

In July 2017, the AMMC Chairmanship referred the first sanctions cases to the Enforcement committee for review and issuance of an opinion in accordance with the provisions of the AMMC General Regulations.

Between July and December 2017, the members of the Enforcement committee held eight meetings, in the presence of their Secretariat, to examine the cases referred to them.

At the request of the members of the Board, the directors and heads of inspections were able to take part, as experts, in certain meetings of the Enforcement committee, in order to present the facts identified and provide the necessary clarifications.

There are nine (9) cases examined or whose examination began in 2017, including three (3) cases relating to stock market offences and six (6) other breaches of the rules of ethics and professional practice provided for by the regulations or enacted by the AMMC circular.

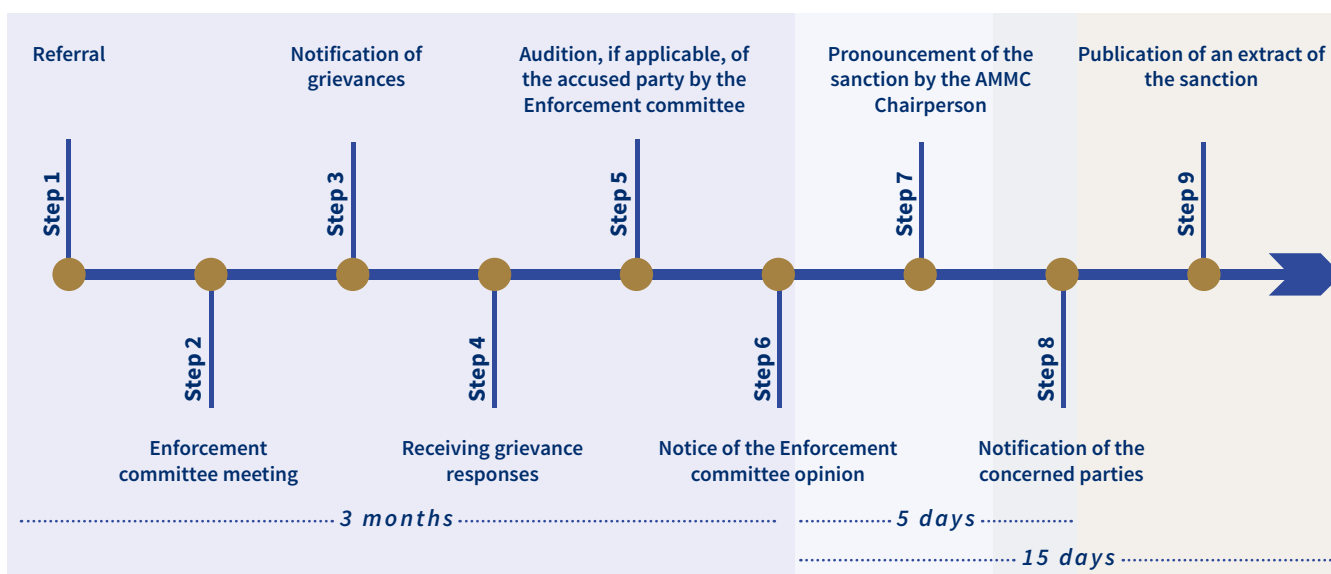
During the examination procedure, the majority of the parties notified of grievances exercised their right to be heard by the members of the Committee in hearings, in order to present their arguments and defense. The first hearing session was held in December 2017.

The sanctions imposed by the AMMC in 2017 predated the new procedure based on the Enforcement committee, the entry into force of which was dependent on the publication of the AMMC General Regulations. A transitional phase was therefore necessary for the continuity of the exercise of enforcement power.

It was within this framework that the AMMC issued twelve (12) administrative sanctions in 2017, including three (3) disciplinary sanctions with monetary penalties, and nine (9) monetary penalties. Sanctions were issued against (5) five brokerage firms and (5) account keepers. These sanctions amounted to a total of MAD 338,000¹⁰.

Box N°5 NEW SANCTIONS PROCEDURE WITH THE ESTABLISHMENT OF THE ENFORCEMENT COMMITTEE

Timeline of the Sanctions procedure



10 - Disciplinary sanctions in appendix 2.

6. ANTI-MONEY LAUNDERING

Within the framework of the mutual evaluation mission of MENAFATF, scheduled for March 2018, the AMMC was involved in the preparatory work at the national level with all stakeholders in this event. The AMMC also prepared responses to various queries and requests from international assessors. These response reports describe the compliance and effectiveness of the AMMC's control framework for combating money laundering and the financing of terrorism, and highlight the following points in particular:

- Existence of a legal and regulatory framework aligned with standards in terms of combating money laundering and the financing of terrorism;
- Existence of risk-based control procedures;
- Existence of inspection procedures systematically integrating the combating money laundering and the financing of terrorism dimension.

Moreover, the AMMC recalled, within the framework of its meetings with the professionals, the importance of this evaluation and invited all the stakeholders to collaborate fully with the MENAFATF experts for the success of the mission.

7. SYSTEMIC RISK MONITORING

7.1 Systemic risks assessment

7.1.1 Analysis of risk indicators

Systemic risk assessment consists of analyzing the stability of capital markets and identifying, based on market trends, the various risks likely to have a negative impact on this stability. This work is based on the analysis of several types of indicators, particularly those relating to asset prices, liquidity, interconnection, indebtedness and the macroeconomic context.

These indicators are calculated using capital market data in its various components. At least two situations are established annually and shared during the biannual meetings of the Systemic Risk Coordination and Monitoring Committee.

7.1.2 Upgrading the risk assessment system

In 2017, systemic risk analysis improved significantly through the implementation of a certain number of actions, some of which implement the recommendations resulting from the World Bank's technical assistance mission carried out in October 2016. It is worth mentioning the following:

- the establishment of the Risk and Internal Control Committee, which became effective through the planning and monitoring of several actions and the review of the systemic risk analysis note relating to the second half of 2017;
- the drafting of a draft procedure together with a methodological guide for assessing systemic risks.
- the identification of a list of relevant indicators to be implemented gradually, as this would require an amendment to the AMMC circular to provide for new regulatory reporting.

7.2 Work within the Systemic Risk Surveillance and Coordination Committee

As a member of the CCSRS, the AMMC contributed to the work of the Committee in particular through:

- Data exchange and sharing of systemic risk analysis at the bi-annual CCSRS meetings held in June and December 2017.
- Contribution to the preparation of the fourth annual financial stability report published in July 2017.
- The preparation and organization on December 12th, 2017 of a regional symposium on financial stability that targeted senior officials of African financial sector regulators as well as national financial sector leaders.
- The contribution to the completion of the various actions comprising the three-year financial stability roadmap for 2016-2018, which aims to complement the national financial stability framework.



CHAPTER III

THE AMMC AND THE DEVELOPMENT OF CAPITAL MARKET

1. REGULATORY DEVELOPMENT

2017 focused on the completion of a set of draft legislative amendments and the introduction of new draft laws.

1.1 Legislation in the amendment phase

Four laws are subject to amendment in 2017.

1.1.1 Law no. 1-93-213 on UCITS

The draft amendment to the Dahir establishing law no. 1-93-213 on UCITS introduces a set of new rules, notably concerning the listing of ETFs, the marketing of financial instruments, regionalization conditions, etc.

1.1.2 Law no.45-12 on securities lending

The draft amendment to Law no. 45-12 on securities lending seeks to clarify certain concepts and mechanisms related to securities lending. This applies to the scope of application of the law, in that it extends to securities that have been accepted for central securities custody transactions, the contractual conditions of the parties to a securities lending transaction in that they provide more contractual freedom, the determination of the date of transfer of ownership of the securities lent, the introduction of new players and new services.

1.1.3 Law no. 33-06 on asset securitization

During the drafting of the regulations relating to the issuance of Sukuk certificates, it was deemed necessary to make adjustments to the relevant legislative provisions. To this end, the draft amendment supplements the Sukuk certificate issuance mechanism, in particular

through the introduction of new definitions, including:

- the definition of the legal nature of a Sukuk certificate, its different categories, and the rules to be observed during an issue,
- the refinement of the role of Higher Council of Islamic Scholars in the process of granting its prior agreement on the planned transactions, and
- the derogation procedure for the issuance of sovereign Sukuk certificates.

1.1.4 Law no. 44-10 on the CFC status

The draft law no. 85-17 amending law n°44-10 relating to the status of Casablanca Finance City (CFC) introduces a number of new provisions aimed mainly at streamlining the supply of financial centers in Morocco by:

- Unifying the legal framework applicable to financial centers (CFC and Tangier);
- Increasing Casablanca's visibility vis-à-vis foreign investors;
- Enhancing transparency and supervision of offshore activities by the Casablanca Finance City Authority (CFCA).

1.2 Introduced draft legislation

1.2.1 Draft law on asset management services for third parties

The draft law on asset management services for third parties seeks to regulate certain aspects of discretionary management that had hitherto not been regulated, and to constitute the reference text for collective management. This draft law seeks to regulate the various types of asset management institutions, in a general and uniform manner.

1.2.2 Draft law on collaborative funding

The draft law on collaborative funding, or “Crowdfunding”, has been fine-tuned in its latest version by new provisions relating to:

- approvals of Collaborative Funding Companies (SFCs);
- control and supervision of SFCs;
- methods of administration and management of contributors’ profiles;
- obligations to inform the public about projects;
- contribution and funding limits.

1.3 Operationalization of published legislation

During the 2017 financial year, and in the context of the operationalization of published laws, several implementing texts that are correlative to them were published in the Official Gazette.

1.3.1 Implementing texts relating to Law no. 43-12 on the AMMC

- Publication of the AMMC General Regulations as approved by Order no. 2169-16 of the Minister of Economy and Finance of July 14, 2016, in the Official Gazette no. 6571 of May 22, 2017. Said publication resulted namely in the operationalization of the AMMC Enforcement committee.

- Publication in the Official Gazette no. 6628 of December 7, 2017 of the decree no. 2-17-216, adopted pursuant to the provisions of article 31 of aforementioned law 43-12, on the determination of the list of functions whose exercise is subject to the authorization of the AMMC.

Similarly, the draft order relating to the procedures for calculating and paying the commissions to be paid to the AMMC was prepared and finalized during the 2017 financial year.

1.3.2 Legislation implementing Law no. 19-14 on Securities Exchanges and Financial Investment Advisors

Publication in the Official Gazette no. 6626 of November 30, 2017, of Order no. 1705-17 on the composition and operating procedures of the Capital Market Committee, on which the AMMC sits.

With a view to operationalize the aforementioned Law no. 19-14, the following implementing texts were prepared and finalized in 2017:

- Draft General Regulations of the Securities Exchange. The said draft was finalized and submitted to the General Secretariat of the Government;

- Draft decree relating to the thresholds of the Securities Exchange’s transaction recording commission;

- Draft decree relating to the contributions of brokerage companies to the Guarantee Fund;

- Draft decree on the minimum capital of brokerage companies.

1.3.3 Implementing texts relating to Law no. 70-14 on real estate investment schemes (OPCI)

With the objective to operationalize aforementioned Law no. 70-14, the following draft implementing texts have been prepared and finalized:

- The draft decree relating to the procedures for issuing, withdrawing and verifying compliance with the conditions for issuing authorization for real estate appraisers of OPCI assets, as well as the composition and operating procedures of the advisory commission in charge of giving its opinion on authorization applications of the aforementioned real estate appraisers ;
- The draft decree relating in particular to (i) the time limit for compliance with the rules on the dispersion and capping of risks relating to the composition of OPCI assets, (ii) the amount of contributions for a REIT and the amount of the initial capital of a property investment company, (iii) the list of related activities that an OPCI asset management company may carry out and the procedures for performing them, (iv) the procedures for determining the net asset value (NAV) of an OPCI share or unit;
- The draft order relating in particular to (i) the list of rights in rem comprising the assets of an OPCI, (ii) the list of liquid assets and liquid financial instruments comprising the OPCI assets, (iii) the criteria for the eligibility of assets of OPCIs and the levels of representation of these assets, etc.;
- The draft order relating to the accounting rules of OPCIs, the accruals and deferrals accounts, as well as the terms and conditions for the distribution by OPCI management companies, in respect of a financial year, of the sums distributable by an OPCI or a compartment of OPCIs.

These various projects were entered during the 2017 financial year, in the adoption circuit or transmitted to the General Secretariat of the Government.

1.3.4 Implementing texts relating to Law no. 18-14 on venture capital investment vehicles (OPCC)

- Publication in Official Gazette no. 6628 of December 7, 2017, of Order no. 2924.17 adopted pursuant to Articles 5, 7, 10, 17 and 25 of aforementioned Law no. 18-14, relating in particular to (i) the setting of borrowing conditions, (ii) the maximum level of debts not subject to a conversion commitment in the assets of the OPCC, and (iii) the maximum period during which securities issued by certain companies are taken into account for the calculation of the minimum allocation.

Furthermore, and still with a view to operationalize the aforementioned Law no. 18-14, the following implementing texts were prepared and finalized in 2017

- Draft decree on the list of related activities that may be carried out by OPCC management companies.
- Draft order relating to the list of OPCC custodian institutions.

1.3.5 Implementing texts relating to Law no.44-12 on public offerings

Publication in the Official Gazette no. 6622 of November 16, 2017 of Decree no. 2-17-227, pursuant to articles 1, 2, 3, 4, 29 and 30 of aforementioned Law no. 44-12, and notably concerning:

- The designation of the administration which must establish by order:
 - the criteria to qualify as a financial intermediary;
 - the number of qualified investors;
 - the number of shareholders or unitholders below which an issuer is no longer subject to the disclosure requirements provided for by the aforementioned Law no. 44-12;

- the determination of the criteria for obtaining the prior approval of the administration for issuers governed by foreign law and the procedure relating thereto.

1.4 AMMC Circulars

During the 2017 financial year, the AMMC finalized a number of draft circulars, including (i) the draft circular on OPCI management companies and (ii) the draft circular on public offerings and disclosure requirements for persons making public offerings, subject to consultation of professionals and consultation of the public, respectively.

With regard to the draft circular on OPCI management companies, the AMMC has taken note of the various comments made by the professionals that were consulted, and organized the first meetings with them. The said draft circulars will be entered into the approval circuit as soon as the consultation process with professionals and the public is completed.

The draft circular on financial investment advisors (FIAs) was also prepared during the 2017 financial year and is currently awaiting validation before being submitted to the consultation process.

2. INSTITUTIONAL COOPERATION

2.1 The Coordination and Systemic Risk Monitoring Committee (CCSRS)

As part of the continuity and consolidation of the AMMC's proactive approach with respect to financial stability, during the previous financial year, particularly through the financial stability report whose third edition was published in July 2016 and the organization of a symposium on financial stability on December 19, 2016, the decree no. 2-17-32 laying down the composition and operational modalities for the coordination and systemic risk monitoring committee, as published on Official Gazette no. 6622 on November 16, 2017, recognized the AMMC in its role as a member of the committee.

2.2 Ad-hoc AMMC – Bank Al-Maghrib working group

As a result of the reforms process initiated and the adoption of a new legislation reconfiguring the capital market landscape in Morocco (law on public offerings, law on the AMMC, law on CFC, banking law, law on marketable debt securities, law on repo-type transactions, etc...), in 2017, the decision was made to set up a joint working group including the AMMC and Bank Al-Maghrib to review the aforementioned legislations. The main objective behind this initiative is to ensure the completeness of the coverage of regulatory and supervisory areas by both authorities, while maintaining a properly coordinated and calibrated control process between both institutions.

More accurately, the work agreed by the working group will focus on the following areas:

- Scope of action of the AMMC/ Bank Al-Maghrib regulatory authorities with respect to the regulation in force;
- AMMC/ Bank Al-Maghrib coordination in the event of financial transactions carried out by credit institutions;
- The issuance of restricted investment deposits by participative banks in the framework of the regulation in force with regard to participative finance.

In a preliminary phase, it was agreed to initiate work pertaining to priority issues. To this effect, a joint working group spearheaded the preparation, in application of article 8 of the banking law, of the BAM circular governing the definition of investment services and the procedures for exercising them. The work produced by this working group was assented by the proposal of a first draft of the circular.

2.3 The Administration of National Defense (ADN) and the General Directorate for the Security of Information Systems (DGSSI)

In the framework of the coordination with the Administration of National Defense (ADN) and the General Directorate for the Security of Information Systems (DGSSI) for cyber security and the protection of sensitive information systems of vital infrastructures in the financial market, several measures were implemented:

- The participation of the AMMC in the specialized Master's program in the Security of Information Systems organized by the General Directorate for the Security of Information Systems (DGSSI) (2nd year), with the purpose of developing a national expertise in cyber security;
- The periodic participation of the AMMC in events organized by the General Directorate for the Security of Information Systems (DGSSI), particularly the 5th seminar on "Digital confidence and cyber security: pillars of the digital transformation in Morocco" in May 2017;
- The monitoring and sending of progress reports on the AMMC's compliance with the National Directive on Information Systems Security;
- The monitoring and taking into account of security warnings by information systems received from the Moroccan Computer Emergency Response Team, also known as "Macert".

2.4 The AMMC holds board seats in new entities

The AMMC has become a member of two newly created entities, the National Council for Credit and Savings (CNCE) and the Credit Institutions Committee (CEC), whose decrees laying down the composition and operational modalities were published in the Official Gazette in 2017 . These constitute a space to strengthen inter-institutional cooperation.

Under the chairmanship of the Head of Government, the AMMC is also a member of the National Anti-Corruption Commission (CNAC) under decree no.2-17-582, published in Official Gazette no. 6619 on November 6, 2017 establishing the aforementioned commission.

3. MARKET DEVELOPMENT

In 2017 several projects were launched to support the market's development. The work carried out this year focused on the operational mechanisms for new compartments of stock exchange listings, optimizing the processing of post-trading flows during IPOs and improving corporate governance.

3.1 New compartments in the Casablanca Stock Exchange

In the context of the adoption of law 19-14 on the Stock exchange, brokerage companies and financial investment advisors, the AMMC has launched the following projects:

- Trading and unwinding of financial instruments issued by legal entities that are not headquartered in Morocco and denominated in foreign currencies. The purpose of this project, carried out in coordination with market players, is to establish a mechanism for the processing of transactions regarding financial instruments denominated in foreign currencies, from their issuance to their unwinding by the central depository. To do so, all the steps from the listing of these financial instruments to their trading, risk management, and entry on a client cash and securities account were analyzed in order to adapt them to the specificities inherent to securities denominated in foreign currencies.
- Conducting of a study on the compartment dedicated to professional clients on the stock market. The goal is to put forth a list of measures to organize and control how this compartment operates with respect to conditions for listing, types of target issuers and investors, targeted categories of financial instruments and operating rules observed on the secondary market.
- Active participation for the completion of the draft of the general regulations of the stock exchange market.

3.2 Optimizing flows during IPOs

As part of its efforts to improve liquidity, the AMMC, together with a working group composed of the Casablanca Stock Exchange, the central depository, brokerage firms and account holders, has carried out work to optimize the processing of initial public offerings. The working group was entrusted with the mission of reviewing the operating procedures for the back-office processing of transactions from the primary market during an IPO while favoring speed in the execution of the steps, relieving pressure on the liquidity of market participants during IPOs and the security of processing.

It should also be highlighted that with the purpose of setting up a framework of exchange and reflection on strategic issues that are capable of stimulating the market, a committee was created by way of law no. 19-14 on the stock market.

Box NO.6 THE CAPITAL MARKET COMMITTEE

Law 19-14 on the stock exchange, brokerage firms and financial investment advisors established a consultative committee called the “Capital Market Committee”.

Devised in the wake of the demutualization of the Casablanca Stock Exchange, this committee is meant to be a consultation body between public authorities and private operators, seeking to engage in an in-depth and broad reflection on the main strategic orientations that should be adopted to develop capital market in Morocco and its institutions. More specifically, the Capital Market Committee has the prerogative to identify the appropriate levers for the development of capital markets and the handling of any issue pertaining to the evolution of the activities of market undertakings.

In addition to the Minister of Finance who holds its chairmanship and the AMMC, the Committee includes several representative members from supervisory authorities of the financial system, market undertakings

as well as professional associations*. The Chairman also has the leeway to invite any person likely to contribute to the themes and items on the agenda to attend Committee meetings.

The Committee holds its meetings at least twice a year and as often as necessary. Task forces may also be set up within the committee in order to address specific issues, particularly issues of a legislative and regulatory, fiscal or institutional nature.

The launch of the Committee and the effective start-up of its activities is planned for 2018.

* As set out by decree 1705-17 laying down the composition and operating procedures of the «Capital Market Committee», the members of the Committee are: the Chairperson of the Moroccan Capital Market Authority, the Wali of Bank Al Maghrib or his representative, the Chairman of the Supervisory Authority of Insurance and Social Welfare, the General Director of the Caisse de Dépôt et de Gestion or his representative, the Director of Treasury and External Finance at the Ministry of Finance , the General Director of the Foreign Exchange Bureau (Office des Changes), the General Director of Casablanca Finance City Authority, the Chairman of the Board of Directors of the Casablanca Stock Exchange, the General Director of the Casablanca Stock Exchange, the Chairman and Chief Executive Officer of Maroclear, the President of Moroccan Entreprises (CGEM) or his representative, the President of the Professional Association of Moroccan Banks (GPBM) or his representative, the President of the Moroccan Federation of Insurance and Reinsurance Companies, the President of the Professional Association of Brokerage Firms, the President of the Moroccan Association of Capital Investors, the President of the Association of Management Companies and Investment Funds, and the presidents of the three leading banks under Moroccan law as ranked according to their total balance sheet.

3.3 Enhancing Corporate Governance

As part of the “MENA-OECD initiative for governance and competitiveness to support development”, the AMMC has contributed to the work of the conference organized in Rabat in December 2017 by the OECD and the Ministry of General Affairs and Governance on the theme “good corporate governance for competitiveness in countries of the MENA region”. During this conference, several topics pertaining to governance and transparency were addressed, which include:

- Recent developments in corporate governance in the MENA region;
- Transparency and the communication of information;
- Gender parity in management positions and diversity in boards of directors;
- Enhancing governance in state-owned companies.

The meeting was also an opportunity to launch the new phase of the activities of the MENA-OECD working group on corporate governance. The purpose is to strengthen the commitment of MENA economies with reference to the G20 and OECD principles pertaining to corporate governance and the OECD guidelines on the governance of state-owned companies.

3.4 Preparation of a framework for the issuance of Sukuk certificates

The AMMC has made an active contribution to the establishment of the regulatory framework for the issuance of Sukuk certificates together with the teams from the Ministry of Finance. Furthermore, during the 2017 financial year, several discussions were initiated with the Higher Council of Islamic Scholars (CSO) to introduce the components of capital markets and their mechanisms. Emphasis was put on the functioning of securitization vehicles and their role in the issuance of Sukuk certificates.

A draft of the cooperation agreement between the Higher Council of Islamic Scholars (CSO) and the AMMC is contemplated with the purpose of entrenching the means and procedures necessary for the authorization of the issuance of Sukuk certificates and their regulation.

The AMMC also closely and actively participated in the technical and preparatory work for the issuance of sovereign Sukuk certificates, taking part in the working group created to this effect for the establishment of the appropriate structuring of the first sovereign issuance.

4. DEVELOPMENT OF CLOSE RELATIONS WITH MARKET PLAYERS

4.1 Market awareness

In the framework of the market awareness process established since several years by the AMMC, regular meetings are organized with market infrastructures and the main professional associations of the financial sector. This is a privileged channel that allows the AMMC to exchange with professionals on issues that are of interest to the profession, to keep them abreast of institutional or regulatory developments and to coordinate the reflection and implementation of structural projects with them.

4.1.1 The Professional Association of Brokerage Firms (APSB) and the Professional Association of Moroccan Banks (GPBM):

In 2017, the AMMC has addressed the following key themes with the APSB and the GPBM:

- The strategic plan of the AMMC and the priority actions that result from it;
- The AMMC General Regulations;
- The AMMC circular and its update;

- The modification of regulatory texts governing market activities (law on the stock market, new specifications of the managing company, the futures market, amendment of the borrowing/lending law, Sukuks...);
- The empowerment project;
- Cooperation with African stock markets;
- The continuous improvement of market statistics (in terms of frequency and data) in order to meet professionals' expectations.

4.1.2 Market undertakings: Casablanca Stock Exchange and Maroclear

In 2017, working sessions bringing together the AMMC and market undertakings focused on the following elements:

- Law 19-14 on the stock exchange, brokerage firms and financial investment advisors;
- The proposal for the recasting of the general regulation of the Casablanca Stock Exchange;
- The establishment of a compartment dedicated to qualified investors in the Casablanca Stock Exchange;
- Optimizing the processing procedure for initial public offerings;
- The listing of foreign exchange instruments in the Casablanca Stock Exchange and dual listings;
- The establishment of ETFs;
- The dematerialization of unlisted securities;
- The establishment of a centralized repository within Maroclear;
- The establishment of a monitoring module within Maroclear for post-trade transactions on financial instruments;
- The segregation of assets held by account holders;
- The establishment of direct payments within Maroclear;
- The establishment of a subscription & redemption management module for UCITS within Maroclear.

4.1.3 The Association of Moroccan Asset Management Companies and Investment Funds (ASFIM)

In 2017, the AMMC and the ASFIM reviewed the following main topics:

- The near-term prospects of the UCITS management market;
- The draft amendment of the law on UCITS;
- The roadmap for the alignment of the Moroccan financial sector with regards to sustainable development;
- The progress of the ASFIM action plans;
- The progress of shared projects;
- The valuation methods for non-traditional debt securities;
- Issues pertaining to transactions for the borrowing/lending of securities;
- Issues pertaining to the yield curve;
- The importance of the internal control framework within asset management companies;
- The issue pertaining to the holding of derivatives by UCITS;
- The information included in summary prospectuses for bond issues;
- The issue of the holding of new hybrid debt securities.

4.2 Addressing questions from the public and legal requests

The AMMC is regularly the recipient of legal requests submitted by market professionals and incidentally from the general public. A delivery channel will be established to that end on the Authority's website under the section "submit a requests".

4.2.1 Addressing questions from the public through the AMMC website

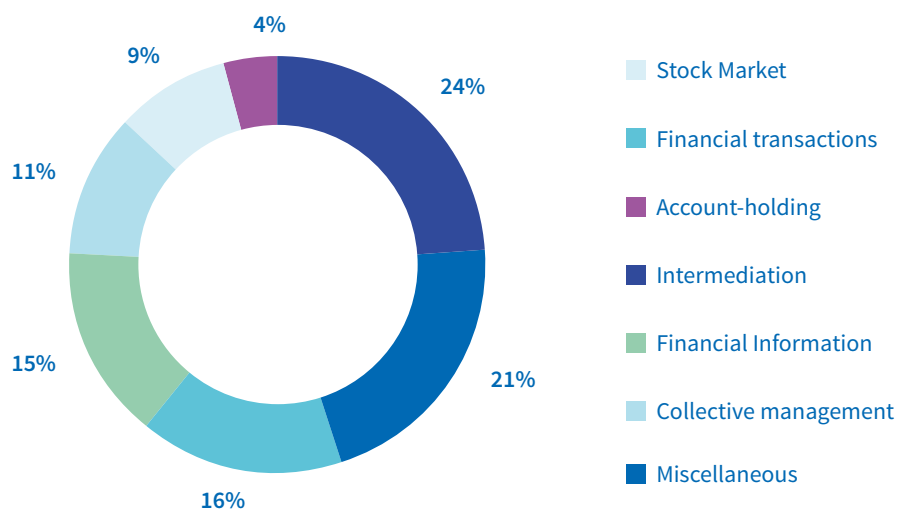
Questions submitted by the general public stem from multiple profiles (investors, students, researchers, etc.). In addition to the replies addressed to the requestors, every year, the AMMC builds on its FAQ section on its website by adding some twenty new questions and answers addressing recurring questions.

4.2.2 Addressing legal requests

In 2017, the AMMC received 55 legal requests mainly from capital market professionals. They addressed various themes with a prevalence of issues pertaining to:

- The authorization of market participants;
- The marketing of financial instruments;
- The interpretation of legal and regulatory provisions;
- Transactions on listed securities; bids, block-trade market, etc.

Graph 30 Requests handled in 2017 per field



Source: AMMC

Table 35 Breakdown of requests handled in 2017 by requestor profile

Profiles	Number of requests
Brokerage firms	11
Advisory / Law Firms	11
Individuals	11
Miscellaneous (auditor, issuer...)	8
Banks	5
Other professionals	5
Asset management companies	3
Regulator	1

Source: AMMC

5. INTERNATIONAL COOPERATION IN 2017

In keeping with the objectives set out in its strategic plan and in accordance with the commitments made to further strengthen its involvement in international cooperation, the AMMC has experienced a heightened activity focused on three strategic priorities: bilateral cooperation; the promotion of green finance and the participation in the works of international regulatory bodies.

5.1 The signing of cooperation agreements

Two cooperation agreements were signed in 2017.

5.1.1 Cooperation agreement with the SEC - Ghana

As part of the official visit of His Majesty the King Mohammed VI to Ghana, the AMMC and the “Securities and Exchange Commission” SEC Ghana signed a Memorandum of Understanding on February 17, 2017 in Accra identifying the areas of bilateral cooperation between both institutions. The signing ceremony took place in presence of both Heads of State, His Majesty the King Mohammed VI and His Excellency the President of Ghana Nana Akufo Addo, at the “Flagstaff House” Presidential Palace in Accra.

The purpose of the agreement is to establish closer relations between the capital markets of both countries, particularly in the fields of SME market-based financing, the certification of market professionals, financial education of the public, fostering crossborder investments and promoting the development of sustainable finance.

5.1.2 Technical assistance agreement with the Regional Council for Public Savings and Financial Markets (CREPMF)

This agreement is part of an enhanced assistance approach. The CREPMF sought the experience of the AMMC in certain fields to carry out its development plan. The areas covered by this agreement include (i) the institutional and operational reorganization of the Authority, (ii) the performance of inspection and supervision missions on the market, (iii) the creation of conditions for the issuance of “Green Bonds”, (iv) the training and certification of professionals, (v) the establishment of a regulatory framework and tools for the control and supervision of online trading activities on the regional financial market.

5.2 Bilateral Cooperation

The AMMC has also welcomed several delegations of its African counterparts that expressed an interest in the Authority’s experience in the field of market supervision and regulation. As such, the AMMC hosted:

- A delegation from the SEC Nigeria focused on asset management;
- A delegation from the SEC Ghana focused on the AMMC’s tools with regard to risk management and the supervision of market participants;
- The head of supervision of the COSOB Algeria, focused on a cross-sector view of the AMMC’s activities;
- Inspectors from the CREPMF in the framework of the technical assistance agreement, focused on the procedures and tools for the supervision of market players.

Furthermore, the AMMC joined a Moroccan delegation on a working visit to Lagos, Nigeria in the framework of a joint working group created to reflect on bringing together both stock markets and the establishment of a framework allowing for dual listings. The Moroccan delegation was composed of representatives of the AMMC, the Professional Association of Brokerage Firms (APSB), the Casablanca Stock Exchange and Maroclear.

Also, at the request of the CREPMF, the AMMC took part in a meeting for the sharing of experiences on the AMMC sanctions process organized for members of the CREPMF committee. This was an opportunity for the AMMC to share its experience in this area and to address questions from members of the committee, which is currently examining the reorganization of their regulatory model.

5.3 Development of Green Finance

During the 22nd Conference of Parties (COP 22) in November 2016, Morocco launched a national roadmap to align the Moroccan financial sector with sustainable development. Developed in collaboration with Bank Al-Maghrib, regulatory authorities and professional associations, the roadmap sets out a vision for the Moroccan financial center focused on five pillars. For each pillar, the players involved developed explicit sustainability-related objectives along with tangible commitments. To this effect, the AMMC has carried out several measures in the framework of this roadmap.

5.3.1 Creation of a working group on “Sustainability” within the GEMC committee at IOSCO

The topic of sustainability has been identified as one of IOSCO’s areas of focus for 2017, particularly the role of securities markets in raising capital and in supporting sustainable development programs, as well as the related role of the regulation of securities. This is due to the important long-term role played by financial markets in the achievement of sustainable development goals and the mobilizing of private capital to facilitate the transition to a low-carbon economy.

The committee seeks to gain a deeper understanding and to identify the role that securities regulators can play in capital formation and sustainability. Its work will serve as a reference point to develop and shape sustainability programs in emerging markets.

In this respect, the GEMC committee at IOSCO seeks to:

- Examine the landscape and development of sustainable capital markets, including the way in which emerging markets respond to the global sustainable development program, and taking into account the main drivers and current trends in terms of sustainability;
- Address the challenges for emerging markets and cater to environmental and social needs to achieve sustained growth.

5.3.2 Participation in the « Sustainable Stock Exchange” round table

As a member of the United Nations “Sustainable Stock Exchanges” Initiative, the AMMC took part in the technical seminar organized by the UN in Berlin on September 27, 2017.

The AMMC, along with a limited group of stock exchanges, investors, regulators and companies from around the world, participated in a round table on the alignment of ESG data and the funding of sustainable development goals. The AMMC’s intervention namely focused on the development of green finance in Africa since the organization of COP22 in Morocco in 2016.

5.3.3 Participation in the “Green Finance Dialogue” round table

The AMMC also participated in the “Green Finance Dialogue” organized on the sidelines of COP23 in Bonn, Germany. This day-long event was a high-level forum where business leaders and government representatives addressed the challenges and potential of green finance. Part of the day was dedicated to four technical workshops where international experts shared the most recent developments in green finance.

5.3.4 Participation in the work of the “Sustainable Banking Network”

The AMMC participated in the works of the “Sustainable Banking Network” initiative bringing together a community of regulators and financial institutions from emerging markets committed to the development of sustainable finance in accordance with the highest international practices. This network seeks to promote the sharing of experiences among members and provide support in developing policies and initiatives aimed at promoting sustainable finance in their respective markets. The AMMC participates among others in the work of the working group on Green Bonds.

5.4 Participation in the work of international bodies

5.4.1 International Organization of Securities Commissions (IOSCO)

● Africa and Middle East Regional Committee (AMERC)

The AMMC participated in the annual meeting of the AMERC, organized in Abu Dhabi on February 14 and 15, 2017. During this meeting, the AMMC presented the road map of the financial sector for the promotion of green finance, as well as the Marrakech Pledge, a commitment signed in the sidelines of COP22. The AMMC also participated in a working group on the status of listings in the region.

● Annual conference of IOSCO

The AMMC took part in the work of the annual meeting of IOSCO organized in Montego Bay, Jamaica from May 14th to 18th, 2017. As an active member, the AMMC participated in the Chairpersons meeting, the Growth and Emerging Markets Committee (GEMC) meeting and the AMERC meeting and in several other workshops and working sessions. Discussions focused primarily on improving the resilience of markets after the financial crisis, professional wrongdoing and financing the real economy through capital markets.

● Technical committees of IOSCO

As an ordinary member of two technical committees of IOSCO (Committee 3 on stock market intermediation and Committee 5 on asset management), the AMMC follows up on the work of said committees remotely and also ensures an active participation in the meetings organized in the framework of the committees. In this context, the AMMC participated in two meetings of Committee 3 and two meetings of Committee 5 in 2017.

The themes discussed are predetermined by IOSCO General Secretariat (liquidity, hedging and ETFs, managing conflicts of interest, marketing of derivatives, etc.) and the findings of the work produced by the committees flow into the process of standards development laid down by IOSCO.

● Growing and Emerging Markets Committee (GEMC)

The AMMC participated in the work of IOSCO growing and emerging markets committee organized in Colombo on September 20 and 21, 2017. During this meeting, the AMMC officially joined the working group for sustainable finance and organized bilateral meetings with the Chairman of the GEMC committee and IOSCO General Secretariat to discuss topics of common interest and the contribution of the AMMC to the organization’s various committees.

5.4.2 The Union of Arab Securities Authorities (UASA)

The UASA organized its eleventh annual meeting in Tunisia on March 16th, 2017. The Union's Council discussed the 2016 annual report and the proposed action plan for 2017 in addition to other issues pertaining to Arab capital markets, particularly with regard to increased cooperation and coordination among themselves, and the UASA strategic plan covering the next five years. The Union's financial statements were also approved during the meeting and the external Auditor who will be handling the accounts of the UASA was also appointed for the next three years.

The AMMC presented its initiative for the development of green finance, notably the Marrakech Pledge signed by a number of regulators and African Stock Markets in the sidelines of COP22 in November 2016.

The AMMC also joined the task force for the alignment of financial terms and the creation of a common glossary.

5.4.3 The Francophone Institute for Financial Regulators (IFREFI)

In its capacity as a member of the IFREFI, the AMMC took part in the annual meeting of the institute (16th session) organized from May 3rd to 5th, 2017 in Libreville, Gabon under the theme: "Dialogue with the Financial Center". In conjunction with prominent figures from the world of economics and finance, this 16th edition particularly addresses issues that are central to the economies of member countries, such as the role of financial markets in the financing of economies, economic growth, the various mechanisms for the financing of economies, IPOs and value creation as well as issues pertaining to financial and non-financial ratings.

5.5 Organization of the annual meeting for the Mediterranean Partnership

On October 25th and 26th, 2017 in Rabat, regulators from both sides of the Mediterranean took part in the annual meeting of authorities' chairpersons, members of the Mediterranean Partnership and in the technical seminar on market abuse. The attendant delegations were able to discuss the main ongoing regulatory developments in the member jurisdictions with the purpose of sharing experiences and best practices with regards to regulatory approaches and market rules.

Participants also attended a seminar on sanctions mechanisms in the event of market abuse and the mis-selling of financial products that are not suitable for consumer needs.





CHAPTER IV

INSTITUTIONAL DEVELOPMENT

1. RISK MANAGEMENT

In the framework of the AMMC's good governance policy, a risk and internal control committee was created. This committee shall be responsible for defining the AMMC's risk management policy and ensure its implementation. The goal is to control the risks that could have a negative impact on the strategic objectives of the AMMC through the creation of a suitable internal control system.

The risk management policy covers all risk areas, namely:

- **Internal risks:** operational, strategic and financial risks resulting from the institution's internal processes;
- **External risks:** risks resulting from the institution's external environment in which the AMMC pursues its mission. The external environment is composed of capital market and any element that could impact the proper functioning of this market and the protection of investments in general and linked to the national and international macroeconomic environment.

Among the external risks, systemic risks are important for the AMMC given that the authority is a member of the Coordination and Systemic Risks Monitoring Committee (CCSRS). These risks are defined by IOSCO as an "Event, action or a sequence of events or actions that have a general adverse effect on the financial system and consequently on the economy... Systemic risks are not limited to sudden catastrophic events. They may also take the form of a gradual erosion of market confidence".

The committee performs the following functions:

- Establish and update the AMMC's risk management policy;
- Ensure the implementation of the risk management policy;
- Ensure the establishment of the human, organizational and technical resources necessary for the implementation of the AMMC's risk management policy;
- Set up specialized committees for the management of certain categories of specific risks;
- Approve risk analysis reports, particularly systemic risk analysis reports;
- Approve the action plans to control the risks and ensure their implementation;
- Submit reports on the results of its work to the audit committee.

The risk and internal control committee is chaired by the Chairperson of the AMMC and composed of four members who occupy managerial positions within the AMMC and supported by a dedicated secretariat.

2017 was marked by the introduction of an action plan by the Audit Committee which seeks to improve internal control. This action plan is composed of the following actions:

2. THE ORGANIZATIONAL ASSESSMENT

Dans le prolongement des travaux lancés en 2016, le projet de diagnostic organisationnel s'est As an extension of the work launched in 2016, the organizational assessment project continued in 2017, recording the completion of the scoping and assessment stages. It should be noted that a benchmark based on international regulators' organizations contributed to the proposed areas of improvement.

The complete execution of the project is scheduled to take place in 2018, where the defined objectives will translate into a new organization of the internal structures of the AMMC, in line with its enhanced prerogatives and incorporating the institution's strategic objectives.

3. FORMALIZING PROCESS MAPPING

Formalizing internal operational processes is a structuring action for the AMMC and is an essential prerequisite to fuel other important projects, notably the ISO 9001 version 2015 certification and the new information system master plan.

Through this project, the AMMC seeks to redesign its organizational framework through the overhaul of the mapping of processes and the formalizing of procedures and guides deriving from it. This work will make it possible to consolidate and improve the existing resources and will trigger an enhanced control of processes and improved efficiency in the fulfillment of the AMMC's missions.

The preparatory work was carried out in 2017 to launch the project in 2018.

4. THE MOROCCAN CAPITAL MARKET AUTHORITY INFORMATION SYSTEM MASTER PLAN

Following the development of the AMMC's strategic plan, a study was conducted to prepare the launch of the information system master plan with the purpose of defining and planning the implementation of a targeted information system in line with strategic objectives and business requirements. It will also take into consideration the new challenges posed by the new technology trends and the digital transformation.

The preparatory work for this project was carried out in 2017 with the actual launch scheduled early 2018.

5. THE INFORMATION SECURITY MANAGEMENT SYSTEM

In the framework of the implementation of the recommendations outlined in the information system Security Audit conducted in 2016, the AMMC launched the “Development and Assistance for the implementation of the Information System Security Policy” (PSSI) in November 2017. In addition to the implementation of corrective actions to address the shortcomings identified during the security audit, the unifying objective of the project is to empower the Authority with its own security policy based on a risk analysis and documented by procedures and guides in accordance with the best practices in the area.

The PSSI allows for an alignment with the National Directive on Information System Security and is a preliminary step for the ISO 27001 certification of the Information Security Management System.

6. DATA GOVERNANCE

6.1 Preparation of the nomenclature project for the financial sector

The main objectives of this project are the design of a nomenclature for the Moroccan financial market that covers the needs of the three regulators (Bank Al-Maghrib, ACAPS and the AMMC) and the implementation of a nomenclature management system to ensure relevance and durability over time.

In 2017, the grant application dossier has been prepared with the AfDB consultants. This dossier includes the terms of reference of the specifications to be launched, the qualitative rationale for the project, performance measurement indicators, timing and budgetary estimates and the procurement plan.

6.2 Data governance

Taking into account the novelty of this activity, its cross-cutting dimension, its high dependency on the organizational assessment project and the AMMC information system master plan, in 2017, efforts were focused on designing a data governance development plan.

The purpose of this development plan is to:

- Present a vision for the data governance mechanism to the AMMC, the activities that should be implemented and the projects to be launched or pursued;
- Develop a fuller and shared understanding of this mechanism and its variations;
- Raise awareness on the upcoming changes regarding the discipline that should be adopted in the area of data management, the major level of involvement of various AMMC staff members and the impact of the AMMC data management processes and procedures.

The work conducted in 2017 will serve as an input for the information system strategic plan of the AMMC, which will in turn approve the design of the plan, define where to focus the efforts, taking into account the AMMC strategy, the main priorities of the institution and the human and financial resources that could be put in place.

7. SOCIAL AUDIT

In 2017, the AMMC endeavored to consolidate its action in terms of human capital, evidenced in particular by gradually strengthening staff numbers, supporting change management and putting in place high quality training programs focused on new financial instruments.

7.1 Staff

The number of staff members at the AMMC showed contrasting trends over the past 10 years, reaching a peak level of 101 staff members in 2011. It was followed by a decline in the Authority's headcount until 2016, the year of the entry into force of the Authority's new status which required the strengthening of its human resources in numbers and diversity of profiles given its new prerogative. In this context, and in line with its 2017-2020 strategic plan, the AMMC has prepared a recruitment plan for the upcoming years.

Table 36: Evolution of staff numbers between 2009 and 2017

2009	2010	2011	2012	2013	2014	2015	2016	2017
85	98	101	98	90	85	82	84	88

Source: AMMC

In terms of gender equality, overall, it was found that there was a sustainable balance in total staff members, mirroring 2017 with 47% of female and 53% of male employees.

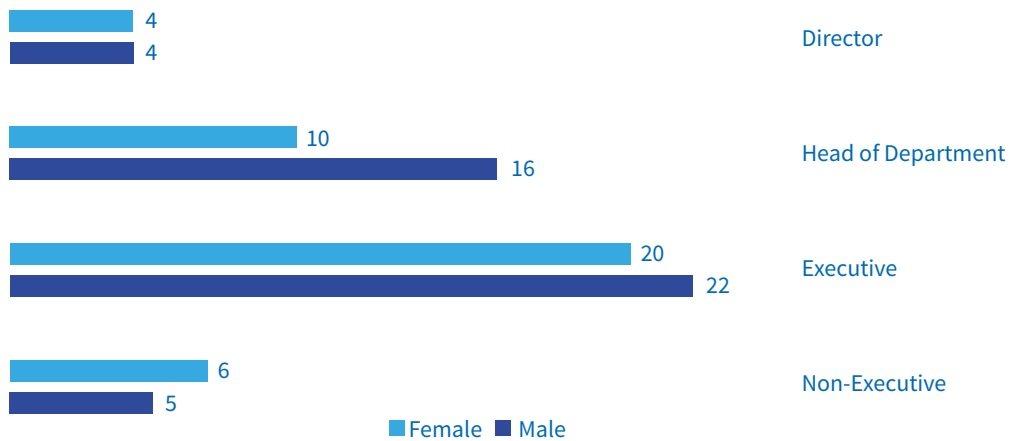
Table 37: Overall breakdown of staff numbers until December 31, 2017

	Staff numbers	%
Male	47	53%
Female	41	47%
Total	88	100%

Source: AMMC

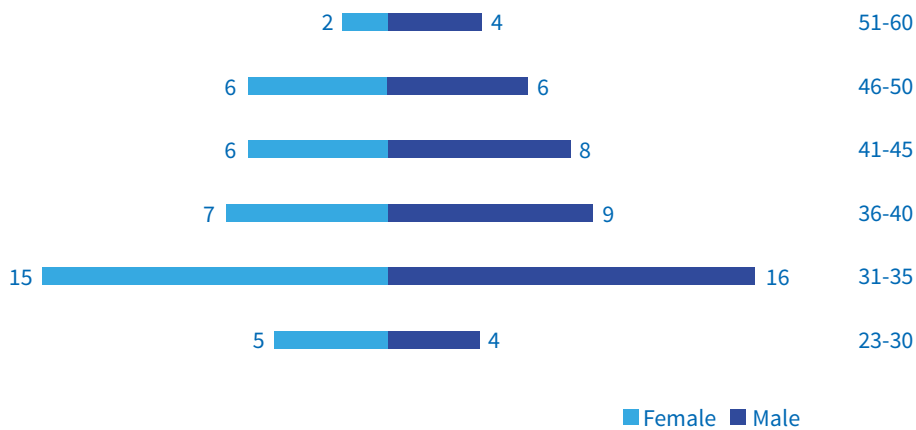
It should also be noted that almost 45% of staff members are under 35 years old.

Graph 38: Breakdown of positions by gender



Source: AMMC

Graph 39: Age Pyramid



Source: AMMC

7.2 Training courses carried out

The budget for training courses carried out in 2017 amounted to MAD 400,000.

In 2017, 9% of the Authority's staff members benefited from a diploma course acknowledged by a diploma or a certificate. The overall cost for the training programs stood at MAD 250,000.

8. FINANCIAL SITUATION OF THE AMMC IN 2017

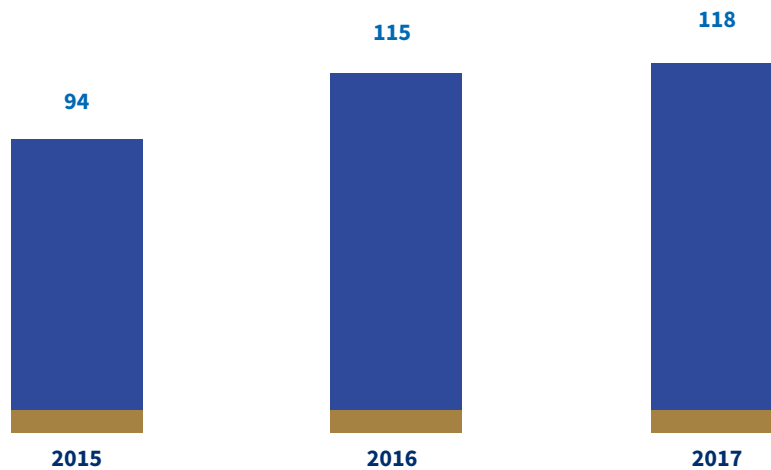
The AMMC's accounts are established in accordance with the General Code of Accounting Standardization (CGNG) and are certified by an external auditor appointed by the Board of Directors. For the 2017 financial year, the accounts highlight the following elements:

8.1 Positive operating income growth

In 2017, operating income increased by 3% as compared with the 2016 financial year, standing at MAD 118 million. Fees on UCITS assets continued their upward trend, standing at MAD 95 million, representing a 10% increase as compared with the 2016 financial year. However, following the low reliance by issuers on public offerings, fees on financial transactions decreased by 56% as compared with the 2016 financial year, standing at MAD 6.6 million versus MAD 15 million in 2016.

Furthermore, the increase in trading volumes processed by the Casablanca Stock Exchange for the 2017 financial year led to a 25% increase of the amount of the Parafiscal Charge.

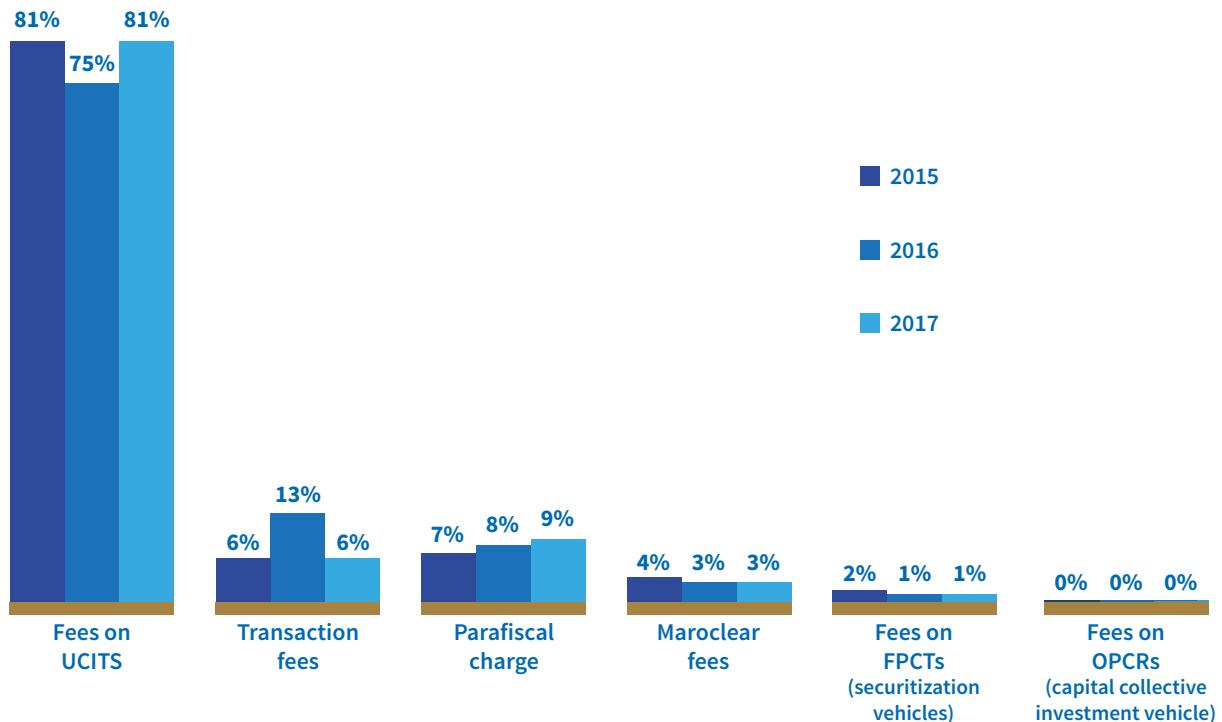
Graph 40: Operating income growth in MAD millions



Source: AMMC

In terms of concentration, the fees on UCITS net assets remain predominant and represent 81% of the operating income.

Graph no. 41 Composition of the operating income



Source AMMC

8.2 Declining investment income from the cash surplus

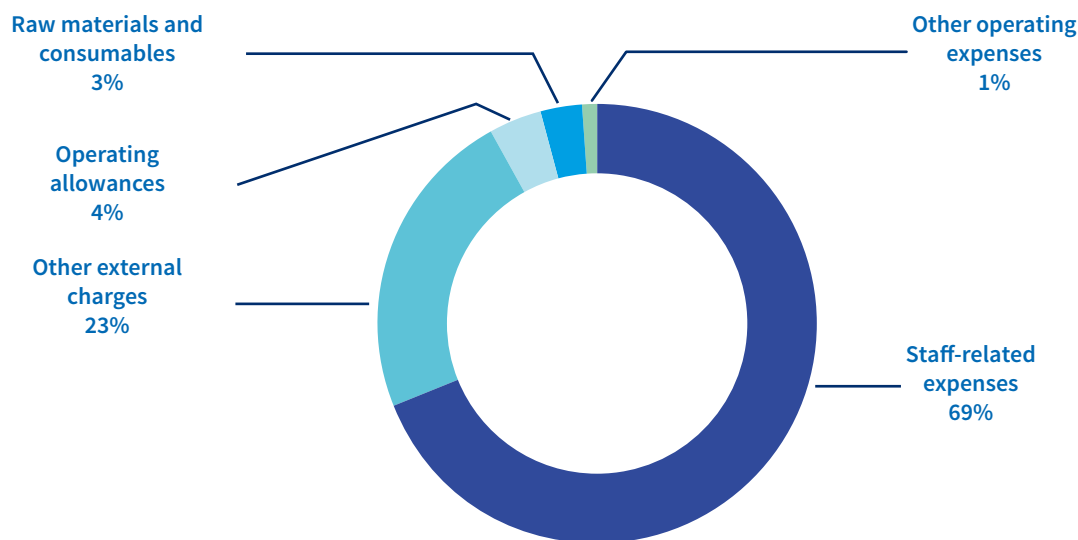
2017 was marked by the entry into force of the legislative provision on the AMMC granting the General Treasury of the Kingdom exclusivity in terms of AMMC investments. As a result, financial income declined by 31%, standing at MAD 5.3 million.

8.3 Operating expenses that support the institution's development

The AMMC's operating expenses increased in 2017, standing at MAD 68 million. This increase is mainly due to increased staff-related expenses, due to the new recruits at the end of 2016 and 2017. Furthermore, external charges also increased as a result of the rental fees associated with the AMMC's new headquarters.

As for the composition of the operating expenses, staff-related expenses represent the authority's largest expense item standing at 69%.

Graph no. 42 Composition of operating expenses



Source AMMC

8.4 A positive net income

Under the effect of the provisions for liabilities and the increase of certain expense items, the net income for the 2017 financial year has decreased compared with 2016; however it does remain positive standing at MAD 34 million.

8.5 Strengthening of equity capital

In 2017, equity capital and quasi-equity for the AMMC stood at MAD 254.7 million and increased by 3% compared with the 2016 financial year. They were mainly marked by appropriations of net income for the 2016 financial year and by the contribution to the general State budget for a gross total amount standing at MAD 25.8 million.

8.5 Tax audit

2017 was marked by the launch of a tax audit for the 2013, 2014 and 2015 financial years. The scope of this audit focused on the following elements:

- Corporate tax ;
- Value added tax;
- Income tax on wage earnings;
- Social Security and Solidarity Contribution

At the end of 2017, the audit remains in progress. An initial notification was sent by the Regional Tax Directorate in this regard.





APPENDICES

APPENDIX 1: BALANCE SHEET TO 31/12/2017

ASSETS (Standard Model)

FISCAL YEAR FROM 01/01/17 TO 31/12/17

	ASSETS	FISCAL YEAR			PREVIOUS FISCAL YEAR
		Gross	Depreciation and provisions	Net	Net
FIXED ASSET	NIL VALUE FIXED ASSETS (A)	-	-	-	-
	. Preliminary expenses	-	-	-	-
	. Expenditure to be distributed over several fiscal years	-	-	-	-
	. Bond reimbursement premiums	-	-	-	-
	INTANGIBLE FIXED ASSETS (B)	18.031.188,63	12.607.732,63	5.423.456,00	7.312.756,40
	. Research & development fixed Assets	-	-	-	-
	. Patents, trademarks, assets and similar rights	16.738.267,23	11.314.811,23	5.423.456,00	7.312.756,40
	. Goodwill	-	-	-	-
	. Other intangible fixed Assets	1.292.921,40	1.292.921,40	-	-
	TANGIBLE FIXED ASSETS (C)	29.138.794,44	28.205.237,21	933.557,23	896.802,77
	. Lands	-	-	-	-
	. Buildings	-	-	-	-
	. Technical facilities, equipment and tools	-	-	-	-
	. Transportation equipment	166.300,00	166.300,00	-	-
	. Furniture office equipment and Miscellaneous items	28.972.494,44	28.038.937,21	933.557,23	896.802,77
	. Other tangible fixed Assets	-	-	-	-
	. Tangible fixed Assets under development	-	-	-	-
FINANCIAL FIXED ASSETS (D)	-	-	-	-	
. Capital loans	-	-	-	-	
. Other financial debts	-	-	-	-	
. Equity interest	-	-	-	-	
. Other Equity interest	-	-	-	-	
TRANSLATION ADJUSTMENTS- ASSETS (E)	-	-	-	-	
. Decrease in fixed debts	-	-	-	-	
. Increase in financing debts	-	-	-	-	
	TOTAL I (A+B+C+D+E)	47.169.983,07	40.812.969,84	6.357.013,23	8.209.559,17
CURRAN ASSET	INVENTORY (F)	170.096,48	-	170.096,48	162.275,72
	. Goods	-	-	-	-
	. Consumable materials and supplies	170.096,48	-	170.096,48	162.275,72
	. Goods under process	-	-	-	-
	. Intermediate & residues products	-	-	-	-
	. Finished Products	-	-	-	-
	CLAIMS ON CIRCULATING ASSETS (G)	44.432.355,44	12.000,00	44.420.355,44	34.179.333,26
	. Trade creditors-debit balances, prepayments	-	-	-	-
	. Trade accounts receivable	36.172.224,14	-	36.172.224,14	32.100.940,51
	. Payroll	512.332,94	12.000,00	500.332,94	312.425,10
	. Government	5.847.853,57	-	5.847.853,57	767.229,71
	. Partner's accounts	-	-	-	-
	. Other accounts receivables	11.563,44	-	11.563,44	11.563,44
. Adjustment accounts, Assets	1.888.381,35	-	1.888.381,35	987.174,50	
INVESTMENT SECURITIES AND VALUES (H)	220.000.000,00	-	220.000.000,00	204.000.000,00	
	220.000.000,00	-	220.000.000,00	204.000.000,00	
TRANSLATION ADJUSTMENTS - ASSETS (I) (Circulating elements)	-	-	-	-	
	TOTAL II (F+G+H+I)	264.602.451,92	12.000,00	264.590.451,92	238.341.608,98
TRES.	CASH - ASSETS	10.759.389,44	-	10.759.389,44	24.163.928,39
	. Cheques and cash values	-	-	-	-
	. Bank, treasury & post office account	10.747.876,75	-	10.747.876,75	24.151.861,70
	. Cash, petty cash & credit lines	11.512,69	-	11.512,69	12.066,69
	TOTAL III	10.759.389,44	-	10.759.389,44	24.163.928,39
	GRAND TOTAL I + II + III	322.531.824,43	40.824.969,84	281.706.854,59	270.715.096,54

LIABILITIES

(Standard Model)

FISCAL YEAR FROM 01/01/17 TO 31/12/17

	LIABILITIES	FISCAL YEAR	EXERCICE PRECEDENT
PERMANENT FUNDING	SHAREHOLDERS' EQUITY		
	. Corporate or personal capital	-	-
	. less : shareholders, Capital subscribed and not paid-in,	-	-
	Called-up capital,	-	-
	Of which Paid-up one.....	-	-
	. Premium on shares,, merger and contribution	-	-
	. Revaluation reserve	-	-
	. Legal Reserve	-	-
		-	-
	. Other reserve	217.207.794,52	198.816.902,32
	. Retained earnings	-	-
	. Net income to be allocated	-	-
	. Net income of the fiscal year	34.440.674,88	44.273.246,21
	Total shareholders' Equity (A)	251.648.469,40	243.090.148,53
	EQUITY RELATED (B)	3.056.666,67	4.104.666,67
	. Government Grants	3.056.666,67	4.104.666,67
	. Regulated reserves	-	-
	. Donations	-	-
	DEBT FINANCING (C)	-	-
	. Bonded debt	-	-
	. Other debt Financing	-	-
	Packaging material Credit	-	-
	Store construction credit	-	-
	Medium and long-term credit	-	-
		-	-
SUSTAINABLE PROVISIONS FOR CONTINGENCIES & EXPENSES (D)	-	-	
. Provisions for contingencies	-	-	
. Provision for expenses	-	-	
TRANSLATION ADJUSTMENTS - LIABILITIES (E)	-	-	
. Increase in capitalized account receivables	-	-	
. Decrease of financial debts	-	-	
TOTAL I (A+B+C+D+E)	254.705.136,07	247.194.815,20	
CURRENT LIABILITIES	CURRENT LIABILITIES'DEBTS (F)	20.932.002,02	23.520.281,34
	. Trade creditors and other accounts receivables	6.056.112,69	4.293.032,69
	. Trade debtors-credit balances, prepayments	-	-
	. Payroll	2.905.499,17	2.701.121,37
	. Social organizations	2.326.250,84	2.879.416,40
	. Government	9.108.828,32	13.030.197,04
	. Partner's accounts	-	-
	. Other creditors	535.311,00	616.513,84
	. Adjustment accounts - liabilities	-	-
	OTHER PROVISIONS FOR CONTINGENCIES & EXPENSES (G)	6.069.716,50	-
TRANSLATION ADJUSTMENTS - LIABILITIES (Current elements) (H)	-	-	
TOTAL II (F+G+H)	27.001.718,52	23.520.281,34	
TRES.	CASH FLOW - LIABILITIES	-	-
	. Discount credit facilities	-	-
	. Short term credit facilities	-	-
	. Factoring banks	-	-
	TOTAL III	-	-
	GENERAL TOTAL I + II + III	281.706.854,59	270.715.096,54

INCOME AND EXPENSES STATEMENT (Excluding taxes)

(Standard model)

FISCAL YEAR FROM 01/01/17 TO 31/12/17

	ITEM	TRANSACTIONS		TOTAL OF THE FISCAL YEAR 3 = 1 + 2	TOTALS OF THE PREVIOUS YEARS 4
		Particular to the fiscal year 1	For the previous fiscal year 2		
O P E R A T I O N	I OPERATING INCOME				
	. Sales of goods (as it is)	-	-	-	-
	. Sales of goods and services produced Sales revenues	118.562.784,01	-	118.562.784,01	115.059.189,10
	. Changes in inventory (+-) ¹	-	-	-	-
	. Fixed assets produced by the company itself	-	-	-	-
	. Operating subsidies	-	-	-	-
	. Other operating revenue	-	-	-	-
	. Resumption of operations, expense transfers	-	-	-	-
	TOTAL I	118.562.784,01	-	118.562.784,01	115.059.189,10
	II OPERATING EXPENSES				
	. Cost of goods sold ²	-	-	-	-
	. Cost of supplies and materials consumed ²	2.304.488,28	2.940,00	2.307.428,28	1.871.303,71
	. Other external expenses	16.103.814,32	74.000,40	16.177.814,72	10.846.210,36
	. Taxes and duty	76.793,00	-	76.793,00	68.543,00
. Payroll	47.176.394,61	18.600,15	47.194.994,76	43.335.666,48	
. Other operating expenses	550.000,03	-	550.000,03	357.142,90	
. Operating allocations	2.539.880,48	-	2.539.880,48	2.867.947,90	
TOTAL II	68.751.370,72	95.540,55	68.846.911,27	59.346.814,35	
III OPERATING INCOME (I-II)			49.715.872,74	55.712.374,75	
F I N A N C I A L	IV FINANCIAL PRODUCTS				
	. Income from equity holdings and other fixed assets	-	-	-	-
	. Translation gains	1.629,01	-	1.629,01	4.101,39
	. Interests and other financial income	5.352.056,04	-	5.352.056,04	7.777.816,36
	. Financial write backs, transfers of expenses	-	-	-	-
	TOTAL IV	5.353.685,05	-	5.353.685,05	7.781.917,75
	V FINANCIAL EXPENSES				
	. Interest charges	-	-	-	-
	. Translation gains	3.784,95	-	3.784,95	4.887,72
	. Other financial expenditure	-	-	-	-
. Financial allocations	-	-	-	-	
TOTAL V	3.784,95	-	3.784,95	4.887,72	
VI FINANCIAL INCOME (IV - V)			5.349.900,10	7.777.030,03	
VII CURRENT INCOME (III + VI)			55.065.772,84	63.489.404,78	

1 - Stock change = final stock - initial stock ; increase (+); decrease (-)

2 - Re-sold or consumed purchases : purchases – inventory stocks

INCOME AND EXPENSES STATEMENT (Excluding taxes) (Follow-up)

(Standard model)

FISCAL YEAR FROM 01/01/17 TO 31/12/17

		ITEM	TRANSACTIONS		TOTAL OF THE FISCAL YEAR 3 = 1 + 2	TOTALS OF THE PREVIOUS YEARS
			Particular to the fiscal year 1	For the previous fiscal year 2		
	VII	CURRENT INCOME (reported)			55.065.772,84	63.489.404,78
N O N C U R R E N T	VIII	NON CURRENT INCOME				
		. Fixed asset sale income	-	-	-	31.100,00
		. Equalization subsidies	-	-	-	-
		. Investment subsidies write downs	1.048.000,00	-	1.048.000,00	1.048.000,00
		. Other non-current products	907.704,97	-	907.704,97	282.493,65
		. Non-current write downs, transfer of expenses	-	-	-	-
		TOTAL VIII	1.955.704,97	-	1.955.704,97	1.361.593,65
		NON CURRENT EXPENSES				
		. Worth net depreciation of fixed assets sold	-	-	-	-
		. Subsidies granted	-	-	-	-
		. Other non-current expenses	519.813,93	-	519.813,93	200.019,22
		. Non current allowances to depreciation and provisions	6.069.716,50	-	6.069.716,50	-
	TOTAL IX	6.589.530,43	-	6.589.530,43	200.019,22	
	X	NON CURRENT INCOME (VIII-IX)	-4.633.825,46	-	-4.633.825,46	1.161.574,43
	XI	PRE-TAX INCOME (VII+X)			50.431.947,38	64.650.979,21
	XII	CORPORATE INCOME TAX			15.991.272,50	20.377.733,00
	XIII	NET INCOME (XI-XII)			34.440.674,88	44.273.246,21
	XIV	TOTAL INCOME (I + IV + VIII)			125.872.174,03	124.202.700,50
	XV	TOTAL OF EXPENDITURE (II + V + IX + XII)			91.431.499,15	79.929.454,29
	XVI	NET INCOME (total income - total expenditure)			34.440.674,88	44.273.246,21

External auditors' reports on annual financial statements

Exercice du 1^{er} Janvier au 31 Décembre 2017

**Coopers
Audit**

audit et conseil

83, avenue Hassan II
20100 Casablanca

Tel : (212) (522) 421190
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A l'attention de la Présidente de
L'Autorité Marocaine du Marché des Capitaux (AMMC)
6 Rue Jbel Moussa
Agdal-Rabat

RAPPORT DES AUDITEURS EXTERNES SUR LES ETATS DE SYNTHESE ANNUELS

EXERCICE DU 1^{ER} JANVIER AU 31 DECEMBRE 2017

Conformément à la loi n° 43-12 et à la mission qui nous a été confiée par votre Conseil d'Administration en date du 24 décembre 2016, nous avons effectué l'audit des états de synthèse ci-joints de l'Autorité Marocaine du Marché des Capitaux (AMMC), comprenant le bilan, le compte de produits et charges, l'état des soldes de gestion, le tableau de financement, et l'état des informations complémentaires (ETIC) relatifs à l'exercice clos le 31 décembre 2017. Ces états de synthèse font ressortir un montant de capitaux propres et assimilés de KMAD 254 706 dont un bénéfice net de KMAD 34 441.

Responsabilité de la Direction

La direction est responsable de l'établissement et de la présentation sincère de ces états de synthèse, conformément au référentiel comptable admis au Maroc. Cette responsabilité comprend la conception, la mise en place et le suivi d'un contrôle interne relatif à l'établissement et la présentation des états de synthèse ne comportant pas d'anomalie significative, ainsi que la détermination d'estimations comptables raisonnables au regard des circonstances.

Responsabilité de l'Auditeur

Notre responsabilité est d'exprimer une opinion sur ces états de synthèse sur la base de notre audit. Nous avons effectué notre audit selon les Normes de la Profession au Maroc. Ces normes requièrent de notre part de nous conformer aux règles d'éthique, de planifier et de réaliser l'audit pour obtenir une assurance raisonnable que les états de synthèse ne comportent pas d'anomalie significative.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états de synthèse. Le choix des procédures relève du jugement de l'auditeur, de même que l'évaluation du risque que les états de synthèse contiennent des anomalies significatives. En procédant à ces évaluations du risque, l'auditeur prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement et la présentation des états de synthèse afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité de celui-ci. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états de synthèse.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion sur les états de synthèse

A notre avis, les états de synthèse cités au premier paragraphe ci-dessus, donnent, dans tous leurs aspects significatifs, une image fidèle du patrimoine et de la situation financière de l'Autorité Marocaine du Marché des Capitaux au 31 décembre 2017 ainsi que du résultat de ses opérations pour l'exercice clos à cette date, conformément au référentiel comptable admis au Maroc.

Sans remettre en cause l'opinion formulée ci-dessus, nous attirons votre attention sur l'Etat B5 de l'ETIC qui décrit le processus en cours de contrôle fiscal.

Casablanca, le 9 mars 2018

Les auditeurs externes

COOPERS AUDIT MAROC S.A



Abdelaziz ALMECHATT
Associé

COOPERS AUDIT MAROC
Siège Social: 83 Avenue Hassan II
Casablanca
Tél: 0522 42 11 90 - Fax: 0522 27 47 34

APPENDIX 2: DISCIPLINARY SANCTIONS ISSUED BY THE AMMC IN 2017

Name	Grounds for the sanction	Sanction
VALORIS SECURITIES	<ul style="list-style-type: none"> ● Violation of the rule of using customer credit balances per day over a one-day period ● Delay in notifying the AMMC with regard to said violation 	<ul style="list-style-type: none"> ● Warning ● Financial penalty of eleven thousand dirhams (MAD 11,000)
MSIN	<ul style="list-style-type: none"> ● Overrun of a risk distribution ratio over a two-day period ● Delay in notifying the AMMC with regard to said overrun 	Financial penalty of twenty-one thousand dirhams (MAD 21,000)
VALORIS SECURITIES	<ul style="list-style-type: none"> ● Overrun of a risk distribution ratio per day over a two-day period 	<ul style="list-style-type: none"> ● Warning ● Financial penalty of twenty thousand dirhams (MAD 20,000)
CFG MARCHÉS	<ul style="list-style-type: none"> ● Overrun of the risk distribution and risk coverage prudential ratios over a three-day period ● Delay in notifying the AMMC with regard to said overruns 	Financial penalty of ninety-three thousand dirhams (MAD 93,000)
VALORIS SECURITIES	<ul style="list-style-type: none"> ● Overrun of the risk distribution and risk coverage prudential ratios over a three-day period 	Financial penalty of sixty thousand dirhams (MAD 60,000)
MENA CP	<ul style="list-style-type: none"> ● Violation of the rule of using customer credit balances per day over a three-day period ● Delay in notifying the AMMC with regard to said violation 	Financial penalty of thirty-one thousand dirhams (MAD 31,000)
ALMA FINANCE GROUP	<ul style="list-style-type: none"> ● Failure to comply with certain rules relating to stock exchange orders ● Absence, incompleteness, illegibility of documents meeting the requirement of customer relationship formalization for three customers ● Failure to establish a procedure for a security policy regarding rules for professional practices ● Failure to establish a procedure for a backup policy regarding rules for professional practices ● Engaging in discretionary management without fulfilling all the required criteria 	<ul style="list-style-type: none"> ● Warning ● Financial penalty of forty thousand dirhams (MAD 40,000)
CREDIT IMMOBILIER ET HOTELIER	Shortcomings in the transmission of regulatory reports on securities lending transactions	Financial penalty of three thousand dirhams (MAD 3,000)
MEDIA FINANCE	Delay (1 day) in transmission of the September 2016 report	Financial penalty of one thousand dirhams (MAD 1,000)
BMCE	Inaccurate information provided in the internal controller's report related to the securities lending transactions carried out during the month of August 2016, with a 45-day delay in correcting the information	Financial penalty of forty-seven thousand dirhams (MAD 47,000)
ATTIJARIWAFI BANK	Delay (5 days) in transmission of the September 2016 report	Financial penalty of five thousand dirhams (MAD 5,000)
BMCI	Inaccurate information provided in the internal controller's report related to the securities lending transactions carried out during the month of July 2016, with a 6-day delay in correcting the information	Financial penalty of six thousand dirhams (MAD 6,000)

APPENDIX 3: LEVERS UNDER THE AMMC 2017-2020 STRATEGIC PLAN

PILLAR NO. I – BUILD UP CONFIDENCE IN CAPITAL MARKETS

1.1 Build a transparent market

Lever no. 1: Raise financial communication standards

- Improve the frequency of financial publications and enrich their content: more detailed quarterly publications and financial reports which include non-financial information;
- Improve issuer communication with respect to social and environmental responsibility;
- Improve financial reporting prior to financial transactions, through more targeted information;
- Strengthen the reporting of important information;
- Streamline and simplify procedures for the exchange of information between issuers and the authority in order to simplify financial communication efforts.
- Enrich the content of the information and marketing of undertakings for collective investments for a better understanding of the risks these products entail;
- Include, when publishing asset values, qualitative information such as sensitivity and benchmark indices in the publication;
- Expand the content of reports to be sent by management companies to securities holders.

Lever no. 2: Enhance the governance of issuers

- Operationalize the obligation for listed companies to appoint independent directors;
- Operationalize the obligation for listed companies to have audit committees;
- Produce a Code of Good Governance Practices for publicly traded companies.

Lever no. 3: Facilitate access to information for investors

- Strengthen the regulatory framework with respect to the use of electronic channels such as issuers' websites for the dissemination of regulated information and non-accounting information;
- Encourage issuers to increasingly resort to electronic channels as the privileged means of interaction with investors;
- Review the conditions for the creation of a central balance sheet data center covering publicly traded companies.

1.2 Tighten controls and roll out a precautionary risk-based approach

Lever no. 4: Adopt a risk-based approach in line with international standards

The risk-based approach has become critical in the scope of regulation worldwide. In fact, in addition to a more efficient allocation of resources, it allows for targeted and preventive controls and for risk assessments. The AMMC laid down a common methodology and adopted a technical tool in 2016 in its endeavor to achieve a practical implementation of tools and the use of results. Also, starting from 2017, control missions will be based on the outcome of risk assessments.

Lever no. 5: Increase controls by putting in place new tools and strengthening resources

- Control of market participants: This is a matter of restructuring the permanent control system to contribute to the risk management tool which will become the repository for all the information gathered from market participants and to identify the appropriate action plans. The objective of on-site inspections is to conduct annual visits with all market participants, either as part of a general inspection or thematic mission, by assigning dedicated teams to the inspection. On the other hand, a new charter for on-site inspections will be adopted in 2017.

- Market supervision: Market supervision must play an increasingly important role in the detection of any behavior that is in breach of the principle of integrity. The new monitoring mechanism acquired in the framework of the establishment of a new stock exchange listing platform should allow for the implementation of tools and alerts that are suited to the Moroccan market. In this context, the possibility of linking the flows of funds that transit through the markets to the identity of the final customers via a coding system will be explored, with the aim of adopting an automated data processing and crosschecking system. Furthermore, the supervision system will be expanded to cover post-trading areas and flows between custodians.
- Control of infrastructures: Market infrastructures must be resilient and must ensure business continuity. They must be equipped with efficient risk management mechanisms with respect to credit and liquidity. Also, a specific control and monitoring plan will be implemented taking into account the recommendations of the most recent FSAP mission and the relevant international standards (IOSC and BIS).
- Control of issuers: The control of issuers will be further strengthened by back-up measures which include the monitoring and promotion of aspects relating to governance rules; and establishing a framework for accounting control and auditing rules. Dedicated teams will be assigned to this task to ensure a greater efficiency.

Lever no. 6: Expand the control system in accordance with the new scope of the AMMC

The transformation of the CDVM into the AMMC has translated into an expansion of the scope of action for the regulator. New activities and new financial instruments will be launched in the coming years. Three main actions will be carried out to this effect:

- Redefining the AMMC's scope of action on the basis of the new prerogatives introduced by the founding text of the AMMC while taking into account our changing market. Among the activities identified, it is worth pointing out the secondary market for debt and structured products.
- Drawing up a road map for the implementation of a control system for the derivative financial instruments market and the players that will operate in it in 2018: futures market management companies, clearing houses, broker-dealers and clearers. It should be noted that this new control system must be established within the futures market coordination body composed of the AMMC and Bank Al-Maghrib. The operationalization of the futures market is planned for the second semester of 2018.
- The establishment of specific control systems for the monitoring of the stock exchange specifications, in the framework of the delegation of certain prerogatives to the AMMC that were formerly attributed to the Ministry of Finance.

1.3 Foster measures that are conducive to the fair treatment of investors

Lever no. 7: Raise awareness and educate investors about their rights

- In the framework of its overall financial education strategy, contributing to the education of the general public and instilling it with reflexes that will protect it upstream and downstream of the investment (understanding one's rights, getting accustomed to information channels, getting familiar with the possibilities of appeal, etc...) and allowing it to better understand how financial markets and instruments operate;
- Launch awareness-raising programs that encourage investors to exercise their rights at general meetings.

Lever no. 8: Strengthen the framework which links investors to market participants

It is a question of putting in place an adapted legal and regulatory framework with three priority areas:

- Marketing of financial instruments placing this activity under the control of the AMMC;
- Supervision of financial investment advisors as soon as law no. 19-14 enters into force.

13 - This is the MIT platform purchased from the London Stock Exchange.

14 - International Organization of Securities Commissions.

15 - Bank for International Settlements.

1.4 Strengthen the sanctions system

Lever no. 9: Adopt a hierarchical and deterrent sanctions mechanism

The legal and regulatory framework should be restructured with the purpose of:

- Prioritizing breaches and their corresponding sanctions based on their severity;
- Requalifying certain offences as administrative violations and reserving criminal sanctions for the most serious offences;
- Significantly raising the ceilings for sanctions to effectively deter players who may commit breaches;
- Examining the possibility of putting in place an administrative transaction procedure for a faster processing of sanctioning proceedings.

Lever no. 10: Foster a fast and effective sanctions mechanism

- Reduce the time needed to conduct investigations with the purpose of expediting both investigations and legal proceedings and the procedure before the Enforcement committee;
- Increase the readability of investigation methods, by drawing up charters designed to ensure the smooth running of investigations and the control of market participants;
- Resort to a greater use of the legal injunctive mechanism to quickly put an end to dysfunctional aspects;
- Establish a relationship of exchange and cooperation with the judicial authorities in charge of law enforcement, to maximize efficiency in the event that criminal proceedings are set in motion.

Lever no. 11: Enhance the transparency of the sanctions mechanism

- Draw up a repository of sanctions decisions that are annotated and published on an annual basis;
- Raise awareness of market players and investors with regard to the sanctions mechanism in an instructional manner to step up educational efforts and the exemplary nature of sanctions.

1.5 Strengthen the AMMC's institutional communication

Lever no. 12: Improve the readability of the enforcement of texts

- Provide guidance on the authority's doctrine to allow capital market players to understand how, under the administrative control of the courts, the regulator enforces legislative and regulatory provisions regarding matters having a direct bearing on its own area of competence;
- Strengthen the image of the authority by highlighting the coercive power in its communication on sanctions;
- Work toward improving the readability of legal texts.

Lever no. 13: Communicate on the AMMC'S processes

- Provide investors and market players with comprehensible information on the progress of the AMMC's processing processes, particularly those that include a strong interaction with market players such as visas, licenses and other authorizations;
- Enhance communication about the AMMC's processes by preparing instructional guides.

PILLAR NO.2 – DEVELOP A REGULATORY FRAMEWORK IN FAVOR OF MARKET DYNAMISM

2.1 Foster financial innovation and the diversification of financial instruments

Lever no. 14: Support the development of financing alternatives

- Put in place the public information system applicable to the alternative market. Following the introduction by the new law on the stock market of a market compartment dedicated to medium and small-scale issuers, the AMMC will set the publication requirements applicable to this company profile. Close attention will be paid to the calibration of the system to be set up in order to increase this market's attractiveness for companies seeking funding but that don't have sufficient resources to meet the requirements of the main market;
- To get involved in the development process of the enabling texts about Real estate collective investment schemes, or OPCIs. The AMMC has detected a high demand from the market for the launch of this investment vehicle. Its contribution can be valuable for mobilizing long-term savings and diversifying the means for financing the economy and real estate in particular;
- Contribute to the reflection to create a framework that governs financing through Crowdfunding platforms. Aware of the arrival of this new form of financing to Morocco, the AMMC, together with the other regulators will contribute to implementing the appropriate legislative and regulatory conditions for this activity.

Lever no. 15: Accelerate the development of new financial instruments

- Accelerate the implementation process of newly launched financial instruments through various implementing texts. The adoption of the necessary implementing texts will allow market players to access new financial instruments: ETFs, Sukuks, derivatives, Real estate collective investment schemes, OPCIs, etc., which will add new momentum to capital markets in general;
- Develop the regulation system for the futures market to support its implementation. As such, a series of actions are planned: identification and structuring of the various processes, identification of risk areas, preparation of reporting items, preparation of actions for team training, etc.

Lever no. 16: Propose and implement measures for market liquidity

- Study and propose, in conjunction with professionals, solutions that could contribute to improving market liquidity. A few examples are contracts for securities trading, restructuring of prudential ratios, increase of floating securities, issuing by assimilation similarly to what is done for Treasury bonds;
- Contribute to improving the performance of market platforms. In this context, different leads will be evaluated to perform a cost-benefit analysis. For example, reducing the settlement/delivery time for securities transactions and establishing a central counterparty for securities lending.

2.2 Build a flexible and suited regulatory framework

Lever no. 17: Develop “Regulatory art”, a necessary prerequisite for the security of capital markets and their players

- Contribute in conjunction with the public authorities, to the development of intelligible and clear legal norms that are stable over time;
- Develop in conjunction with the public authorities, a new approach to drafting laws, based on the streamlining of normative production.

Lever no. 18: Anticipate capital market trends

- Evaluate the impact of new legislation in capital markets and its role in financing the economy;
- Develop the ability to take action and send warnings on capital market trends and control and regulate new practices impacting its operation;
- Develop an active policy promoting academic studies through the creation of a scientific council that will be equipped with forecasting and analysis tools to guide its financial regulation work;
- Carry out an ongoing and structured self-assessment and a systematic and synchronized review of legislative and regulatory texts in accordance with the highest international standards (particularly those of IOSCO) and in line with the maturity of our capital markets.

PILLAR NO.3 – BE AN EFFECTIVE AND INFLUENTIAL AUTHORITY AT THE NATIONAL AND REGIONAL LEVEL

3.1 Reshape cooperation with regulators within international fora

Lever no. 19: Strengthen the presence of the AMMC within international bodies

The role and commitments of the AMMC varies according to the bodies. The aim is to further strengthen the AMMC's involvement in these bodies for a better anticipated return particularly through:

- A more active role played by the AMMC in different international bodies and their subsidiary bodies (chairmanship or vice-chairmanship of a regional committee, preparation and organization of work, etc.);
- Greater involvement in technical committees that constitute a centerpiece in the process of developing international standards;
- Finding the best ways to ensure AMMC staff benefits from the expertise of the most advanced regulators (internships, targeted training, missions, etc.);
- A regular performance monitoring and evaluation framework

3.2 Strengthen the regional positioning of the AMMC and strive for a deeper integration of financial markets in Africa

Lever no. 20: Strengthen the positioning of the AMMC at the regional level

- Adopt a differentiated regional approach based on targeted cooperation prioritizing countries with which Morocco has signed economic cooperation agreements;
- Endorse a rationale of integration of African markets that strives for regulatory convergence;
- Have cooperation agreements foster regulatory convergence and market integration;
- Set up joint committees to discuss topics of common interest which may result in tangible outcomes (dual listings, marketing of UCITS, African passports to exercise market activities, etc.);
- Focus on African leadership with regards to international bodies to facilitate convergence and market integration;
- Promote Moroccan expertise and encourage its export to our African counterparts (technical assistance, training in the field of capital markets supervision, etc.)

3.3 Develop closer relations and cooperation with national players

Lever no. 21: Contribute to strengthening coordination between national regulators from the financial sector

- Keep regular communication with the Department of Treasury and External Finance in order to accelerate the processing of cases;
- Strengthen cooperation with the General Secretariat of the Government;
- Adopt a procedure in conjunction with the other members of the Coordination and Systemic Risks Monitoring Committee, which provides for the systematic review of the supervisory scope in order to detect the activities or products that will not be regulated;
- Dialogue with the Foreign Exchange Bureau (Office des Changes) about market-related issues with respect to foreign exchange control regulation (asset management and foreign investments, dual listings, etc.);
- Foster openness, proximity and attentiveness among regulators and their operational staff with regard to issues of common interest such as money laundering and systemic risks;
- Streamline and broaden the scope for the exchange of information among financial sector regulators.

Lever no. 22: Strengthen collaboration with market participants and professional and consumer associations

- Contribute to the work of the National Accounting Council to build on, monitor and influence accounting standard setting work (sectoral accounting plans, Convergence of the General Accounting Standards Code (CGNC) -IFRS, etc.);
- Establish, within the AMMC-OEC joint committee, the new rules governing auditors, and discuss the new requirements in terms of financial reporting and governance;
- Strengthen information exchange facilities with partners: joint working groups, shared action plans, etc.

3.4 Be a source of proposals in terms of regulatory development

Lever no. 23: Strengthen the AMMC's involvement with capital market players

- Communicate proactively about practices, instruments and areas of the non-regulated market, or for which the regulation is unfit or inconsistent with international standards;
- Multiply meetings with market players, through the creation of joint legal and trade committees.

Lever no. 24: Develop new legal regulation instruments

- Lay down instructions and directives by the AMMC in order to clarify the interpretation of its own circulars;
- Formulate recommendations and opinions to express the opinion of the AMMC about specific and tangible situations within its field of competence;
- Develop and publish a 'compiled list' of the positions and opinions of the AMMC, to ensure consistency in legal interpretations and improve the readability of legal texts for capital market players.

3.5 Develop a new institutional culture based on the enhancement of human and informational capital and the adoption of best practices

Lever no. 25: Instill and share an AMMC culture driven by values and communication

- Implement an internal communication strategy including information dissemination tools, cross-sharing, a competitive force driving the teams and consolidation of a strong internal culture around the new identity of the institution;
- Adopt a 'charter of values' and monitor its observance;
- Instill a climate of exchange and collaboration by developing a culture of ownership allowing any employee to identify with the AMMC's achievements;
- Hold teams accountable.

Lever no. 26: Reshape human resources management

- Design a new remuneration system and update the jobs and skills framework on the occasion of the revision of staff regulations;
- Adopt greater flexibility when hiring top profiles, namely by hiring staff to carry out specific time-limited tasks;
- Improve the material working conditions as well as the physical environment;
- Set up clear career development plans with a constant increase in responsibilities and create openings for employees through the creation of new ranks, intermediate functions, etc. ;
- In general, invest in training, particularly to prepare the staff for new market activities that fall under the AMMC's scope of supervision.

Lever no. 27: Improve the performance of internal processes and of informational resources

- Adopt the best organizational practices in line with recognized norms and standards which include ISO 9001, 27001, OSHAS 18001 and RSE ISO 26000;
- In 2017, implement an information system strategic plan to adopt a suitable internal organization in this area and draw up the corresponding road map for the next four years. This approach is justified by the AMMC's wish to increasingly rely on information technology to fulfill its mission;
- Roll out data governance, a strategic asset that guarantees sound decision-making and makes it possible to control information from its creation to its destruction;
- Roll out a risk-based approach for the authority's internal activities just like for regulatory activities;
- Build up capacities for statistical production, conducting studies, analyses and research in order to communicate relevant, useful and reliable information to the market.

PILLAR NO.4 – STRENGTHEN THE CAPABILITIES OF ALL THE OPERATORS/PLAYERS AND INVESTORS

4.1 Strengthen the skills and resources of market participants

Lever no. 28: Strengthen the financial base and organizational resources of market participants

- Raise the bar in terms of market participants' capital equity requirements while adapting them to the risks associated with the activities carried out. Set requirements in terms of liquid assets for possible shock absorption;
- Revise AMMC requirements upwards vis-à-vis different market participants, in terms of material and technical infrastructure resources necessary to perform various duties and to ensure business continuity;
- Require an increase in staff, the strengthening of internal control systems, as well as the roll out of a risk management system.

Lever no. 29: Operationalize the accreditation system

- Set out the list of functions to be accredited, the content of knowledge that needs to be acquired and the practicalities for the certification of knowledge for the identified functions;
- Operationalize the accreditation process, with the aim of delivering the first accreditations by 2017;
- Ensure the accreditation system lies within a regional context, by providing for the conditions to obtain an accreditation for certain functions through certifications issued by international organizations. The aim is to build bridges between the various markets throughout the region.

Lever no. 30: Contribute to the development of an efficient, transparent and resilient market

- Upgrade market infrastructures in accordance with international standards, particularly for aspects relating to risk management, the implementation of a more precise segregation of account holder assets by Maroclear, the capturing of intra-custodian flows for all financial instruments and the reduction of the settlement/delivery time for securities transactions;
- Operationalize the clearing house and conduct a comprehensive review of guarantee systems in the financial market;
- Assess the opportunity of establishing a central counterparty for securities lending;
- Launch a national coding system for holders of financial instruments.
- Furthermore, our market's strategy in terms of regional positioning entails the possibility for market and post-trading infrastructures to support dual listings and foreign currency listings.

4.2 Promote best practices to market players

Lever no. 31: Contribute to promoting good practices

- Adopt international reference standards in terms of accounting, work organization, information systems, information security, the environment and CSR.
- Converge to international accounting standards for issuers;
- Enhance financial reporting of issuers (ref. priority area 1);
- Expand the scope of data governance to other market participants such as information providers.

4.3 Develop the Authority's financial education strategy for the general public

Lever no. 32: Implement a financial education strategy

- Establish an internal structure dedicated to financial education for the general public, and define the necessary human, financial and organizational resources;
- Use information technology that makes it possible to reach a wider audience and that is in line with new generation communication channels;
- Adopt a segmentation of the different targets with adapted approach and resources;
- Seek to create synergies with other players (stock market, other financial sector regulators, consumer protection associations, the media) directly or through the Moroccan Foundation for Financial Education;
- Build a network of focal structures and persons (trainers, teachers, schools, etc.) to ensure that knowledge about capital markets is disseminated to a wide audience.

OBJECTIVES	LEVERS
PILLAR NO. I – BUILD UP CONFIDENCE IN CAPITAL MARKETS	
1. BUILD A TRANSPARENT MARKET	1. Raise financial communication standards 2. Enhance the governance of issuers
2. TIGHTEN CONTROLS AND ROLL OUT A PRECAUTIONARY RISK-BASED APPROACH	3. Facilitate access to information for investors 4. Adopt a risk-based approach in line with international standards 5. Increase controls by putting in place new tools and strengthening resources 6. Expand the control system in accordance with the new scope of the AMMC
3. FOSTER MEASURES THAT ARE CONDUCIVE TO THE FAIR TREATMENT OF INVESTORS	7. Raise awareness and educate investors about their rights 8. Strengthen the framework which links investors to market participants
4. STRENGTHEN THE SANCTIONS SYSTEM	9. Adopt a hierarchical and deterrent sanctions mechanism 10. Foster a fast and effective sanctions mechanism 11. Enhance the transparency of the sanctions mechanism
5. STRENGTHEN THE AMMC'S INSTITUTIONAL COMMUNICATION	12. Improve the readability of the enforcement of texts 13. Communication about the AMMC's processes
PILLAR NO. II - DEVELOP A REGULATORY FRAMEWORK IN FAVOR OF MARKET DYNAMISM	
1. FOSTER FINANCIAL INNOVATION AND THE DIVERSIFICATION OF FINANCIAL INSTRUMENTS	14. Support the development of financing alternatives 15. Accelerate the development of new financial instruments 16. Propose and implement measures for market liquidity
2. Build A FLEXIBLE AND SUITED REGULATORY FRAMEWORK	17. Develop "Regulatory Art", a necessary prerequisite for the security of capital markets and its players 18. Anticipate capital market trends

OBJECTIVES	LEVERS
PILLAR NO. III - BE AN EFFECTIVE AND INFLUENTIAL AUTHORITY AT THE NATIONAL AND REGIONAL LEVEL	
1. RESHAPE COOPERATION WITH REGULATORS WITHIN INTERNATIONAL FORA	19. Strengthen the presence of the AMMC within international bodies
2. STRENGTHEN THE REGIONAL POSITIONING OF THE AMMC AND STRIVE FOR A DEEPER INTEGRATION OF FINANCIAL MARKETS	20. Strengthen the positioning of the AMMC at the regional level
3. DEVELOP CLOSER RELATIONS AND COOPERATION WITH NATIONAL PLAYERS	21. Contribute to strengthening coordination between national regulators from the financial sector 22. Strengthen collaboration with market participants and professional and consumer associations
4. BE A SOURCE OF PROPOSALS IN TERMS OF REGULATORY DEVELOPMENT	23. Strengthen the AMMC's involvement with capital market players 24. Develop new legal regulation instruments
5. DEVELOP A NEW INSTITUTIONAL CULTURE BASED ON THE ENHANCEMENT OF HUMAN AND INFORMATIONAL CAPITAL AND THE ADOPTION OF BEST PRACTICES	25. Instill and share an AMMC culture that is driven by values and communication 26. Reshape human resources management 27. Improve the performance of internal processes and of informational resources
PILLAR NO. IV - STRENGTHEN THE CAPABILITIES OF ALL THE OPERATORS/PLAYERS AND INVESTORS	
1. STRENGTHEN THE SKILLS AND RESOURCES OF MARKET PARTICIPANTS	28. Strengthen the financial base and organizational resources of market participants 29. Operationalize the accreditation system 30. Contribute to the development of an efficient, transparent and resilient market
2. PROMOTE BEST PRACTICES TO MARKET PLAYERS	31. Contribute to promoting good practices
3. DEVELOP THE AUTHORITY'S FINANCIAL EDUCATION STRATEGY FOR THE GENERAL PUBLIC	32. Implement a financial education strategy



